

# Turning CX Insights Into Income

5 Customer Experience KPIs That Fuel Banking Success



In today's competitive banking industry, success hinges more than ever on financial consumers' experiences with a bank or credit union. Executives looking to measure progress toward their organizational goals turn to [Key Performance Indicators](#), or KPIs, to ensure their frontline teams are providing exceptional customer interactions and fostering brand loyalty. But leaders charged with delivering on strategy wrestle with a crucial question:

*When it comes to the customer experience, what KPIs should we use to drive predictable growth?*

This article takes a look at 5 of the most valuable CX KPIs, each one having its own implications for how financial institutions execute their customer experience strategy to meet with predictable success. The article describes what select KPIs tell you about your organizational and team performance, and how to use KPIs to achieve your most important strategic objectives.



### Key Takeaways:

- To measure progress toward organizational goals, financial institutions rely on Key Performance Indicators (KPIs), quantifiable metrics that provide insights into the customer experience and help leaders make informed decisions that impact the balance sheet.
- Because an organization's choice of KPIs depends on its particular strategic objectives, an understanding of both leading (predictive) and lagging (historical) KPIs is critical to successfully executing the right CX strategy for success.
- Successful leadership teams are adept at the strategic use of meaningful CX KPIs to achieve business growth and differentiation by continuously improving customer experiences.

Key Performance Indicators are measurable values that organizations use to assess progress toward their objectives. KPIs are often used to track performance over time, to compare results against targets or benchmarks, and to make informed decisions based on data-driven insights.

Selecting the right KPIs is a pivotal step in propelling business growth and achieving market differentiation. In today's competitive landscape, organizations that can effectively measure their performance and take purposeful action based on these targeted metrics gain a substantial competitive advantage. By strategically aligning KPIs with business goals, organizations can steer their efforts toward areas that drive value and innovation, fostering sustainable growth.

Choosing the appropriate KPIs empowers organizations to gain insights into critical areas of their operations, customer engagement, and overall performance. By focusing on metrics that directly correlate with strategic objectives, companies can channel their resources and efforts where they matter most. This data-driven approach allows businesses to identify trends, strengths, and weaknesses, enabling them to make informed decisions and refine their strategies for maximum impact.

The right selection of KPIs is crucial not just for monitoring performance but also for creating a differentiated brand identity. By concentrating on metrics that resonate with customer needs and expectations, organizations can shape their unique value proposition. Customer-centric KPIs such as Customer Satisfaction (CSAT), Net Promoter Score® (NPS), and Customer Effort Score (CES) help in delivering exceptional experiences that set a brand apart. This differentiation enhances brand loyalty, attracts new customers, and solidifies the organization's position as a market leader.

## KPI Credibility: Elevating Decision-Making with Data-Driven Insights

As organizations prioritize customer-centric strategies for competitive advantage, increased reliance on Key Performance Indicators underscores the importance of data-driven insights in decision making. The credibility of CX KPIs hinges on their ability to provide an accurate view of the customer mindset, transforming subjective perspectives into quantifiable measures that guide action.

By converting qualitative feedback into quantitative metrics, organizations gain objective measures of customer satisfaction, loyalty, and behavior. The credibility of these metrics is amplified by their alignment with strategic objectives. As they directly reflect customer perceptions and interactions, they serve as a tangible representation of the organization's commitment to meeting customer needs and expectations.

The credibility of CX KPIs is reinforced by their capacity to drive continuous improvement. Reliable data on customer interactions allows organizations to identify pain points, recognize trends, and make informed adjustments to their strategies. When the board and executive leadership can trust that the metrics accurately represent customer sentiment, they are more likely to make strategic decisions that genuinely resonate with their customer base.

### Transformational KPIs: What Makes Them Different

KPIs can vary widely based on the industry, organization, and specific objectives, but the most impactful ones share a number of characteristics that make them stand out:

**Quantifiable:** KPIs must be measurable in some way, typically using numerical values, percentages, counts, ratios, or other quantifiable units. Quantifiable KPIs are essential in CX measurement because they provide a solid foundation for understanding, managing, and improving the customer experience in a systematic and data-driven manner. They enable organizations to make informed decisions that lead to enhanced customer satisfaction, loyalty, and business success.

**Relevant:** KPIs should directly relate to the goals and objectives of the organization or project. They need to provide insight into areas that have a significant impact on success. Relevant KPIs are critical in measuring CX because they ensure that the organization's efforts are focused on what truly matters to its customers and the business. Numbers that may look impressive on the surface but don't provide meaningful insights into business performance are nothing more than vanity metrics!

**Time-Bound:** KPIs often have time frames associated with them, such as monthly, quarterly, or annually. This helps track progress and enables comparisons over different time periods. Time-bound KPIs provide structure, accountability, and a clear sense of direction for organizations aiming to deliver exceptional customer experiences. They serve as a definitive benchmark against which performance can be assessed. They also encourage prioritization of CX efforts, as they help identify which aspects of CX need immediate attention.

**Actionable:** KPIs should provide actionable insights, meaning that the data collected leads to informed decisions and potential adjustments in strategies to improve performance. They should enable clear insights into areas that need improvement, and give specific

### Transformational KPIs Are:

- Quantifiable
- Relevant
- Time-Bound
- Actionable
- Aligned with Strategy

guidance on what actions need to be taken to enhance the customer experience. Actionable KPIs also provide the necessary information for informed decision-making, offering clear data that can guide resource allocation, process adjustments, and strategic planning.

**Aligned with Strategy:** KPIs should align with the overall strategy and priorities of the organization. They help in monitoring whether the organization is moving in the right direction. Aligning KPIs with business strategy in measuring CX ensures that efforts are focused on achieving the organization's overarching goals. It facilitates performance evaluation, optimizes resource allocation, ensures consistency, and fosters continuous improvement.

## Your Starting 5:

1. Customer Satisfaction Score – CSAT

2. Customer Effort Score – CES

3. Net Promoter Score – NPS

4. First Contact Resolution – FCR

5. Customer Churn/Retention Rate

## Your Starting 5 KPIs

With those defining characteristics in mind, here are 5 of the most valuable KPIs. Because each provides a different picture of an organization's customer experience, which one you use depends on what you want to learn and understand – and what you plan to do with that intel:

### 1. Customer Satisfaction (CSAT) Score:

Every interaction with a customer leaves an impression. The [Customer Satisfaction Score](#) is the perfect barometer to gauge a customer's mindset following a specific interaction or transaction. High CSAT scores reflect satisfied customers, which can lead to increased customer retention and repeat business. Customers are more likely to stick with a brand they are satisfied with.

The trick, of course, is knowing what it takes to satisfy your customers. Their expectations are fluid and driven higher by services in other industries. If you don't know what your customers expect, how can you ensure that you are providing what they need?

### 2. Customer Effort Score (CES) – a/k/a the “Ease of Use” question:

In an era of instant gratification driven by digital tools, customers increasingly demand effortless interactions. The [Customer Effort Score](#) helps organizations understand how easy – or not – it is for customers to accomplish their objectives, highlighting areas where friction causes frustration.

On the scale used to measure customer effort, a high CES indicates that customers find it easy to interact with your brand. This leads to greater customer loyalty, as customers are more likely to stay with a company that minimizes their effort.

### 3. Net Promoter Score (NPS) – a/k/a the “Would you refer?” question:

The [Net Promoter Score](#) is a popular metric in many industries due to its apparent simplicity. It purports to measure customers' loyalty and willingness to recommend a brand to others.

However, for truly actionable insight it is advisable to follow up the NPS question with questions that further explore the respondent's reasons or motivation for their score.

A high NPS indicates strong customer loyalty and advocacy. Positive word-of-mouth from loyal customers can lead to increased referrals, new customer acquisitions, and improved brand reputation.

#### 4. First Contact Resolution (FCR):

FCR emphasizes the importance of providing swift and effective resolution to customer concerns. In today's digitally connected (and often impatient!) world, a fast response across all channels is essential. Monitoring and improving this KPI showcases commitment to being responsive and attentive to customer needs. Providing timely answers to your customers' questions leads to improved customer satisfaction, enhanced customer perception of your brand's customer service quality, and a better online reputation.

Resolving customer queries and issues during an initial interaction is not just efficient but also an indicator of the effectiveness of your frontline service. A high rate of FCR signifies efficient and effective customer service. Customers appreciate quick resolutions, leading to increased satisfaction, reduced customer frustration, and enhanced brand perception. While efficiency is key, maintaining a high level of service quality is paramount. Thus, there is a delicate balance of handling customer inquiries quickly without compromising the quality of the experience. Quick and thorough issue resolution can lead to increased customer trust, as customers know their concerns are being addressed comprehensively.

#### 5. Customer Churn Rate/Retention Rate:

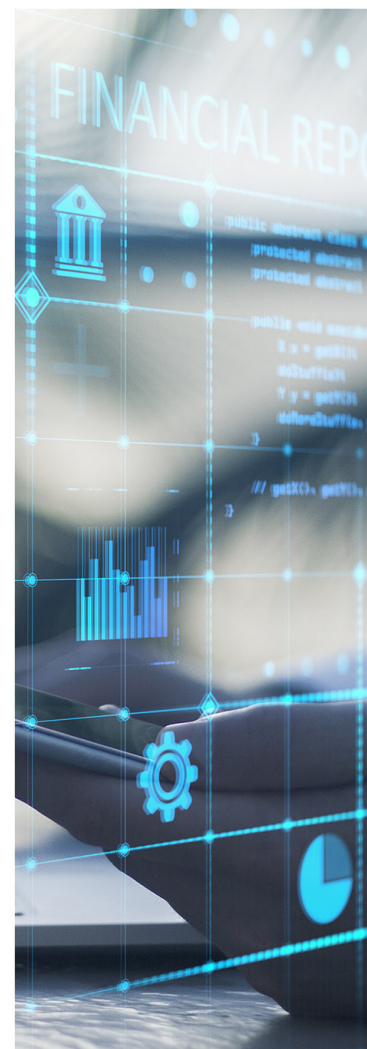
This metric quantifies the effects of your ability to provide service that meets your customers' expectations. Retaining customers is just as crucial as acquiring new ones. The Churn Rate, which measures the percentage of customers who stop using your services, underscores the importance of consistently delivering value to prevent attrition. Happy, returning customers are not just more valuable over time but are also potential advocates who drive word-of-mouth growth. High retention rates indicate strong customer relationships based on loyalty and trust. Lower churn rates mean more recurring revenue and reduction of costs for acquiring new customers.

### Not all KPIs are Created Equal – Are They Leading or Lagging?

Know thy KPIs! KPIs, including those described above, can be classified as either leading or lagging. Sometimes it's hard to tell the difference. Leading metrics are predictive indicators that provide insight into future performance, while lagging metrics are historical indicators that reflect past performance. Both are informative, but which one has greater value in informing action that gets you to your objectives? Some characteristics to consider:

- **Proactive vs. Reactive:** Leading KPIs are forward-looking and help organizations anticipate and respond to changes in a timely manner. They provide insights into activities and behaviors that can be adjusted to improve future outcomes. Lagging KPIs, on the other hand, provide feedback only after an event or period has concluded, making them more reactive.
- **Predictive Power:** Leading KPIs are often more predictive of future performance. They allow organizations to identify trends and potential issues early, giving them a chance to make necessary adjustments. In effect, leading KPIs serve as an early warning system for potential issues or opportunities. By monitoring leading indicators, organizations can take proactive step to address problems before they escalate. Lagging KPIs, being historical in nature, offer limited predictive value. They may reveal problems only after they have already occurred.
- **Controllability:** Leading KPIs are typically influenced by organizational decisions and actions. They focus on the drivers that directly contribute to achieving desired outcomes. Lagging KPIs, being the result of past actions, are less under immediate control. While important for assessing overall performance, they may not provide clear guidance on what actions need to be taken to improve results.

While lagging KPIs are important for assessing overall performance and historical trends, they are not as effective in driving real-time adjustments and predictive insights.



## Leadership Collaboration on CX KPIs – Aligning Strategy and Execution

In the pursuit of elevating customer experiences and ensuring sustainable business growth, a collaborative effort between the board of directors and the executive leadership team is critical. Establishing a comprehensive set of CX Key Performance Indicators demands strategic alignment, clear communication, and a shared vision for delivering exceptional value to customers.

At its core, successful collaboration between an organization's board and its executive leadership in establishing CX KPIs involves a mutual commitment to long-term success. By aligning objectives, strategically choosing KPIs, and fostering open communication, the board and executive leadership can drive a customer-centric culture that not only meets customer expectations but exceeds them, securing the organization's competitive edge in the market.



### Conclusion

Including the right combination of the 5 CX KPIs discussed in this article in your organizational strategy isn't just about metrics or chasing a score – it's a transformational approach to building a customer-centric culture. By acting upon the insights derived from these KPIs, leaders of financial institutions can drive continuous improvement, spur innovation, and demonstrate an unwavering commitment to meeting customer expectations. In a time where the customer holds the power, focusing on the right KPIs is key to delivering unparalleled customer experiences and securing a formidable competitive advantage.

**Do you need guidance for implementing and understanding your KPIs? We have the expertise to make sense of the data and steer you to your objectives. [Let's start today!](#)**



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