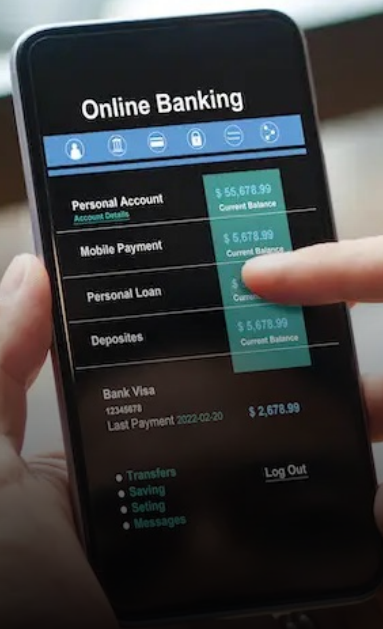# How Digital Banking is Evolving with User Experience (UX)

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Introduction

What is Digital Banking?
How is it the Future of Banking?

With everything becoming tech-enabled, allowing users to access everyday banking functions online, it would not be wrong to say that digital banking isn't just the future; rather, it's already here, it's now.

Now you may ask, 'what exactly is *digital banking?'* Well, worry not; not only will we find what digital banking means, we will also look at what it means for you and your finances.

The term *Digital Banking* is used in several ways online and elsewhere, but essentially it is a combination of *online* and *mobile banking services:*

Online Banking + Mobile Banking = Digital Banking

Benefits of Digital Banking

There are several benefits offered by Digital Banking for both - consumers as well as business owners. Some of these benefits are as follows.

Better Access

With online banking and mobile banking, a user is no longer bound by the banking hours to manage their finances, thus, allowing much better access.

Lower Fees & Rates

With digital banking, the options have increased multifold for the users. A user can easily compare interest rates and fee structures to find the best bank as per their needs.

Equity

Digital banking helps in bridging the gap between the banks and the unbanked/underbanked communities. Such people rely heavily on mobile phones but may not have access to physical bank branches. With digital banking, this problem also gets solved.

What Does Digital Banking Mean For You and Your Finances?

The global pandemic has made it abundantly clear that in-person services can't be taken for granted, banking services being no exception.

Digital Banking, a combination of online and mobile banking, allows people many more ways than ever to easily access banking functions to keep their finances in order. Thus, Digital Banking is undoubtedly the way forward for all your banking needs.

Let us look at how UI/UX plays a key role in Digital banking and how it is evolving with the evolution in UX.

Importance of UX in Digital Banking

Several FinTech start-ups, also known as "a new breed of banks," are shaking up the entire financial sector. They are redefining banking with a key focus on making banking services easy, convenient, and user-friendly by leveraging tech in finance, i.e., FinTech.

In these tech-enabled Finance-based apps, UX is everything. The major focus is on the customer's experience, and all the efforts are made to ensure that the app is user-friendly and the design is user-centric.

These FinTech apps have a huge advantage over the traditional banks, and their apps are unburdened by legacy systems and inherited business practices.

All of this allows much better scope for being adaptable and flexible to changes as and when required, basis new tech enhancements, customer feedback, and global events, such as the pandemic.

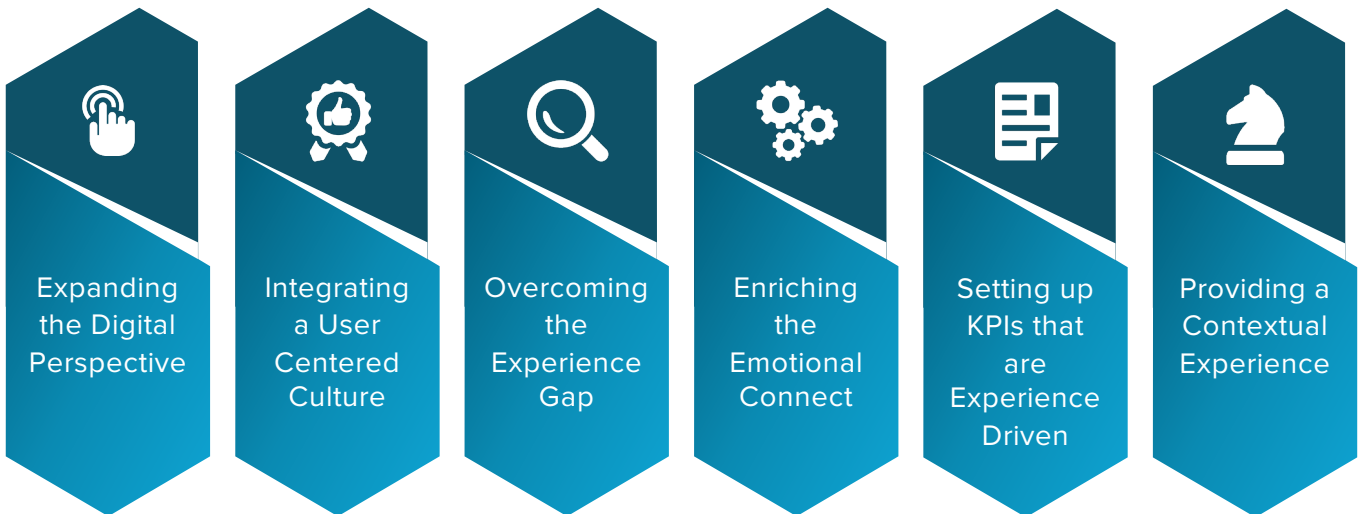# UX is Shaping the Future of Digital Banking

With the constant changes and developments in the UX, the whole of Digital Banking is evolving. The UX developers follow a "build, test, and iterate" design approach to keep improving, thus, ensuring there are no long-standing issues or problems.

The "digital creatives" - user researchers, experience designers, and programmers - are shaping the future of digital banking with their agile, data-driven, collaborative, and most-of-all, a user-centric approach.

This focus on UX combined with tech integrations has opened up financial services to a whole new group of people who may have previously felt that places like the stock market are no place for them. The focus is now directed at making financial services like buying stocks as easy as buying bread and butter.

How is Digital Banking Evolving with UX Development?

Expanding the Digital Perspective

Integrating a User Centered Culture

Overcoming the Experience Gap

Enriching the Emotional Connect

Setting up KPIs that are Experience Driven

Providing a Contextual Experience

The global pandemic has made it abundantly clear that in-person services can't be taken for granted, banking services being no exception.

Digital Banking has certainly evolved with the development of UX. It has no become of utmost importance to bridge the experience gaps in banking, especially when customer-centricity has become a must in a very different banking marketplace post-pandemic.

Customer behaviors and expectations have changed significantly, making financial institutions to re-think the obsolete ways of operating.

With a brand-new generation of post-Covid consumers emerging rapidly, the bar is set very high in terms of UX, requiring urgent and careful attention toward digital transformation efforts.

According to McKinsey, "three-quarters of these post-covid consumers have already tried different brands since the pandemic started, while 60% of these consumers are expected to adopt new brands into their post-pandemic lives and routines."

Emotional connection, customer loyalty & empathy are cornerstones to bond financial brands with their customers. In a research, Salesforce found that "More than 70% of the customers are of the opinion that now is the best time for businesses to update and upgrade how they engage, operate, and contribute to the society across a variety of fronts."

Let's explore how an experience-empowered digital strategy can help financial brands transform and adapt to the emergence of the new post-COVID paradigm:

1. Expanding the Digital Perspective

With the pandemic outburst, the woeful unpreparedness of the financial industry came to the fore. In such a situation where digital is the only answer, there are still several cases where people are expected to visit a bank branch to access banking functions by risking their health, despite the apparent need for well-developed digital channels and high-quality customer experiences. In such uncertain times, one can't stress the importance of digitalization enough, so it's critical to carefully evaluate the proper way to integrate a digital strategy.

Financial brands that want to become future leaders have already started to develop their digital competencies and expand their digital perspectives. However, in the want of getting ahead of the rest of the competition, it is also important to be mindful of the fact that your existing digital solutions are full of friction. According to Salesforce, 80% of customers state that the experience a company provides is as important as its products or services.

2.   Integrating a User-centered Culture

Having a customer-oriented mindset in place is essential for any digital transformation. This user-centered thinking must be integrated throughout the financial institution at every level to ensure that the planned financial solutions match the users' needs and expectations.

Integrating this user-centered culture and perceiving design as an approach unlocks the true potential of a financial company, allowing its digital products to be maximized. User-centricity must be treated as one of the cornerstones of a financial institution's values and culture. Doing so would drive to create a customer service that would attract more and more people.

3.   Overcoming the Experience Gap

With the whole world becoming digital, UX has become the biggest differentiator - the design defines whether a digital financial service would be a success or a failure. More often than not, UX improvements often fail because of an "experience gap." Experience Gap refers to the negative difference between a customer's expectations and the experience they get in reality from a financial product and service. If this experience gap is too negative, it may lead to decreased customer loyalty, negative reviews and customers dropping out.

Credit Union and Banks that aim to succeed, know how to detect and overcome the experience gap by fulfilling and exceeding customer expectations.

4.   Enriching the Emotional Connect

Connecting with your customers/users is one of the most important factors in ensuring your business's success and longevity. Although it may often seem that the banking/financial industry is afraid to display any emotions thinking it would reduce their notability, it's actually quite the opposite. Getting emotionally connected with the customers and emoting allows people to feel connected, understood, heard, and cared about.

According to research by Motista, it has been found that consumers who have an emotional connection with a brand have over 300% higher lifetime value and stay with the brand for an average of approx. 5.1 years as against 3.4 years.
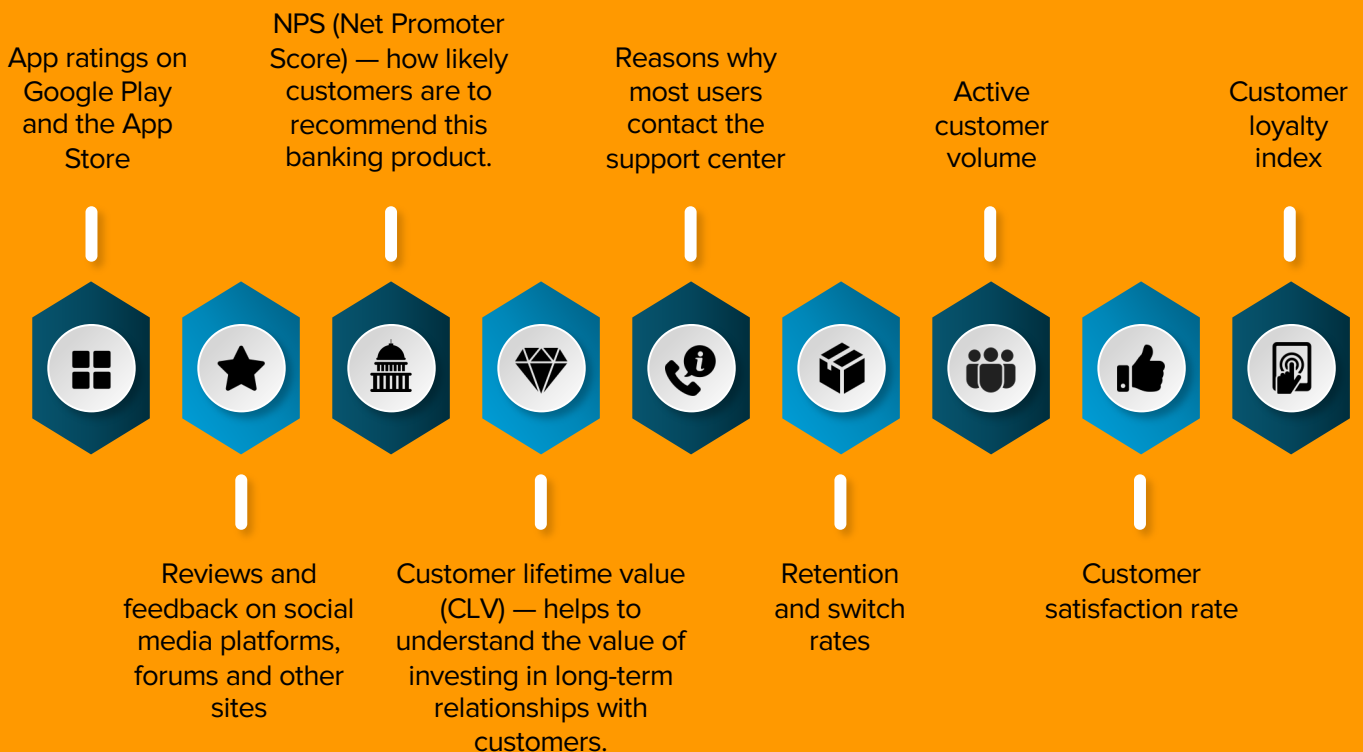
Moreover, these emotionally connected customers also recommend the brand at a much higher rate (71% as against 45%).

For financial institutions, banks, and credit unions to succeed in the post-pandemic world, it's crucial to think about usability & UX and the integration of personalized, positive experiences that form an emotional connection.

5.   Setting Up KPIs that are Experience-Driven

The key performance indicators (KPIs) have been for decades set up at the level of sales & conversions, number of potential leads & prospects, and so on. But in a customer-centric world, in order to become successful, the focus must be on being experience-driven. Some of the factors to consider are:

- ✅ User Feedback
- ✅ Number of users who recommend the product/service to others
- ✅ Number and reasons for complaints about the product/ service
- ✅ Number of positive-negative comments about the institution on social media platforms

App ratings on Google Play and the App Store

NPS (Net Promoter Score) — how likely customers are to recommend this banking product.

Reasons why most users contact the support center

Active customer volume

Customer loyalty index

Reviews and feedback on social media platforms, forums and other sites

Customer lifetime value (CLV) — helps to understand the value of investing in long-term relationships with customers.

Retention and switch rates

Customer satisfaction rate

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6.   Providing a Contextual Experience

"To change something, you have to change something" - If you wish to stand out from the rest of your competitors, it is necessary that you do away from the standardized practices and come up with strategies that focus on solving the customer's problems in the most effective way possible. Coming up with personalized, contextual banking experience can solve this problem for you. As the number of advanced-personalization solutions using AI is becoming more and more accessible, it is broadening the solutions banks, and credit unions can offer their customers.
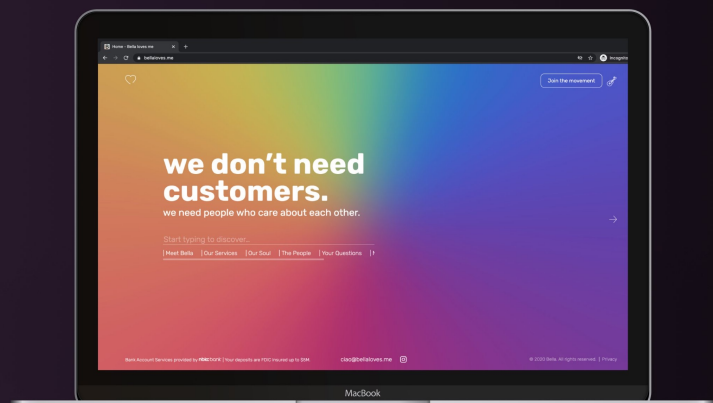
These tech-powered, personalized and contextual financial products should:

- ✅ Inform the users about any situation requiring their attention
- ✅ Help improve users' financial health by monitoring it and providing recommendations
- ✅ Make financial forecasts and offer uniquely crafted possibilities according to the user's specific needs and goals
- ✅ Soon, it should enable users to conduct financial operations using voice processing, gestures, neuroscience, virtual reality, and augmented reality

An example of a brand new player in banking using some of the latest technology is a bank named **Bella Loves Me**. It's based on a conversational interface and aims to take personalization to a new level using AI and concierge services.

The first conversational banking experience
100% powered by love and empathy

BELLA
loves me.

we don't need customers.
we need people who care about each other.

Start typing to discover...

Meet Bella | Our Services | Our Soul | The People | Your Questions

MacBook

Dos and Don'ts of UX in Digital Banking

Best and Worst Practices

Using digital services has become second nature in daily life — especially when it comes to buying and paying for things. And in recent years, digital processes have become a standard part of how we manage our finances.

With digital banking gaining momentum, banks and credit unions have realized the importance of UX. With more people embracing digital banking and with a wider range of functions available, the features of digital banking must be optimized to include varying degrees of technical trust and literacy.

Let's look at the best and worst practices in Digital Banking UX.

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Best UX Practices

Building a Personalized feed	Designing apps that can work on multiple platforms & devices	Being creative with your design approach

1.   Building a Personalized Feed

A digital banking experience should be intuitive, frictionless, and simple, enabling consumers to see the bigger picture and have all key information readily available. One of the most effective ways to do so is with a "personalized news feed."

A news feed gives users quick access to critical information like their account details, bank balance, and a snippet of recent transactions. Moreover, it lets them select customized widgets that display information around real-time exchange rates, finance news, and inbox messages.

This level of personalization helps build trust, retain customers, and improve app efficiency. For instance, Starling Bank allows customers to display personal finance statistics about their spending, giving them greater transparency and feeling in control of their finances. By encouraging users to tailor their digital experience, Starling Bank reassures them that their priorities matter.

2.   Designing Apps That Can Work on Multiple Platforms and Devices

Another best practice is to design UX from an omnichannel perspective. The average person owns more than three connected devices, so banks and credit unions can't assume that they consistently access digital banking services from the same place. Financial institutions must be interoperable and work with many devices and platforms to make UX seamless. They even have to accommodate outside third-party applications.

For instance, **Brazilian bank Itaú Unibanco**, developed a specialized banking keyboard that can be used within Facebook Messenger or WhatsApp and lets users securely send transfers while texting.

During the first month of the keyboard's launch, $20 million was transferred via this functionality.
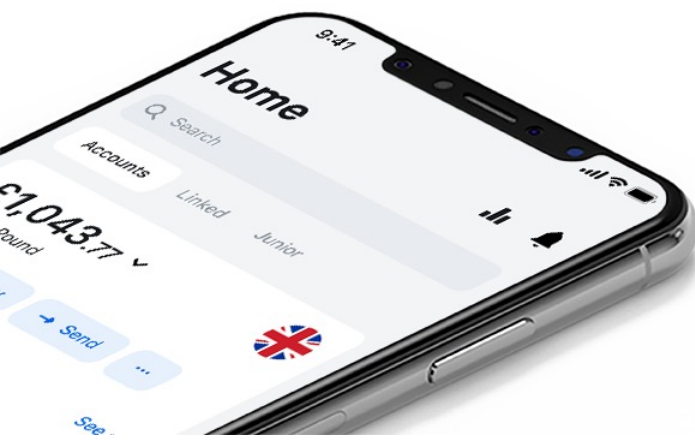
3. Being Creative With Your Design Approach

People establish a mental map when interacting with any digital service, which they refer to when they need to answer a question or find information. This visualization is why modern banking apps are moving away from the typical somber graphics and colors and opting for a colorful, minimalist, playful aesthetic.

Revolut is a prime example. The fast-growing challenger bank sticks to shades of pink, blue, and black that it uses to differentiate currencies, accounts, and options. These colors contrast well with the abundant white spaces in Revolut's interface, making navigation clean and paving a shorter learning curve for users.

Worst UX Practices

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Lack of real-time data hurts confidence	Failure to integrate physical and digital channels	Avoid becoming a content swamp

1.   Lack of Real-Time Data Hurts Confidence

The role of UX in digital banking is to make the experience less scary for the users by demonstrating that the bank understands their needs and worries and can deliver a consistent experience offline and online.

Not updating transaction information in real-time can prompt users to panic that there are flaws in digital banking. If they check their account after payment and the amount has not been removed, they may be concerned that there's no connection between the physical transaction and the digital record. Likewise, not providing sufficient information around successful transactions may cause users to doubt if they made the transaction at all, and fear that there is fraudulent activity on their account.

In addition, banks and credit unions that fail to acknowledge the often daunting processes consumers face with banking (particularly people new to digital banking) or institutions that don't simplify overly-complicated steps quickly lose user engagement. Complex and hard-to-understand features have been shown to negatively impact customer satisfaction.

2.   Failure to Integrate Physical and Digital Channels

Neglecting physical channels when designing UX is a mistake, too, as the customer experience is still heavily determined by this mode of banking. Not providing a phone number, address, opening times, waiting times, and available services separates digital banking from the traditional banking that some consumers are accustomed to and can therefore make the experience intimidating.

At the same time, because banking is highly regulated, digital systems require more user input (approving terms and conditions, biometric set-up) to protect their data. This input can feel foreign compared to in-person processes, and so banks have to take care to integrate digital security requests seamlessly.

3.   Avoid Becoming a Content Swamp

Be wary of overwhelming users with content. As mentioned, the best UX is intuitive — it enables users to find solutions by themselves quickly. Banks and credit unions that display too many hints and tips actually have the reverse of the desired effect because they don't allow users to come to grips with the features in their own way.

To facilitate consumers' understanding, financial institutions should use cards (design elements similar to physical business cards) and small segments to present digestible information that best fits small mobile screens. Chase is a prime example of good content presentation, as its homepage has a series of cards that state the name and balance of each account. To get more statements and further details, users are prompted to tap the card and view more. No pop-ups tell users to click the card; the steps are implied and empower users rather than hand-holding them.

As with any user experience, digital banking UX must be based on feedback testing sessions with a representative, targeted user groups. These sessions need to focus on how easy a product is to find and how long it takes a consumer to complete a transaction and should include quantitative and qualitative scoring of processes. This feedback ensures that the consumer is always placed front-and-center as digital banking continues to evolve.

How Can Worxwide Help You in Your Digital Banking Evolution Using UX?

Having made it thus far, this writer hopes that one thing we can agree on is that Digital Banking has truly evolved with UX, and UX plays a major role in ensuring a business'/app's/website's success.

By getting in touch with UI/UX experts, you can also ensure that your design is error-free, up-to-date, user-friendly, and customer-centric. As you may already know, it costs so much more to not invest in UX in the initial stages and having to do it later, after incurring the cost of a bad design.

We at Worxwide Consulting have an expert team of UI/UX developers and have decades of experience in ensuring our clients can boast of a UX that is unmatched and highly successful. Our user researchers play a key role in helping the clients stand out by applying our unique approach to UX blending robust research, empathy, and behavioral psychology. We work with users throughout the project to test prototypes and gather insights to help in the design process.

Designing for change is about having a culture, team, and process in place to keep evolving. To discover how you can set up a design team to create successful user-centered products, get in touch with our team of user experience experts. We help transform bank and Fintech capability by matching inclusive design with commercial understanding, revealing opportunities for better integration, innovation, and market disruption.

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