

Jenna Järvinen

**SERVICE DESIGN AS A TOOL TO UNCOVER YOUNG ADULTS' SERVICE
EXPECTATIONS**

Case: Handelsbanken

SERVICE DESIGN AS A TOOL TO UNCOVER YOUNG ADULTS' SERVICE EXPECTATIONS

Case: Handelsbanken

Jenna Järvinen
Thesis
Spring 2020
Degree Programme In International
Business
Oulu University of Applied Sciences

ABSTRACT

Oulu University of Applied Sciences
Degree Programme in International Business

Author: Jenna Järvinen

Title of Bachelor's thesis: Service Design as A Tool to Uncover Young Adults' Service Expectations, Case: Handelsbanken

Supervisor: Sanna Oja

Term and year of completion: Spring 2020

Number of pages: 34 + 3

The commissioner of this thesis is Handelsbanken Finland. Handelsbanken is a multinational bank with a large variety of customer segments and operations worldwide. The primary objective of the thesis is to find out the key elements of service qualities in banking that Young Adults appreciate.

The background knowledge consists of theory, framework and tools of service design. The research method applied is a triangulation method combining both quantitative and qualitative approaches. An encompassing analysis was made on the existing customer segment, that identifies the services commonly used. Additionally, a semi-structured survey was concluded on Handelsbanken's summer employees. The aim of the survey was to gather feedback, ideas and insights on what kind of service expectations Young Adults have and what service qualities they appreciate.

Results introduced that the key elements that Young Adults appreciate in service qualities are professional, simple, fast and digital. Even though today's world is highly digital, yet Young Adults still appreciate personal service. The bank can use conclusions and key results as a basis for further investigation and development for the Young Adults customer segment.

Keywords: service design, young adults, banking, service qualities

CONTENTS

1	INTRODUCTION	6
2	RESEARCH METHODOLOGY	9
2.1	Sample size and data collection	9
2.2	Survey	10
2.3	Validity and reliability	11
3	SERVICE DESIGN	13
3.1	Definition of Service Design	13
3.2	Service Design Process	14
3.3	Service Design Tools	16
4	DISCOVERY & DEFINITION	17
4.1	Young Adults	17
4.2	Analysis of existing data	18
5	DEVELOPMENT ANALYSIS	23
5.1	Survey	23
6	CONCLUSIONS	29
7	DISCUSSION	32
	REFERENCES	33
	APPENDICES.....	35

LIST OF FIGURES

FIGURE 1. Market shares of credit institutions operating in Finland on deposits placed by non-monetary financial institutions, 30.6.2019 (Bank of Finland 2020, cited 22.3.2020).....	6
FIGURE 2. Handelsbanken's way of operating.....	7
FIGURE 3. The Double Diamond.....	15
FIGURE 4. The age distribution of Young Adults.....	18
FIGURE 5. The age distribution of new customers in 04/2019 - 04/2020	19
FIGURE 6. The distribution of services used by Young Adults	20
FIGURE 7. Distribution of services in regard to bank cards	20
FIGURE 8. Distribution of services in regard to funds.....	21
FIGURE 9. Distribution of services in regard to different sized loans.....	22
FIGURE 10. Channels that customers use to contact bank.....	23
FIGURE 11. Channels customers preferably use	24
FIGURE 12. The services customers commonly have.....	25
FIGURE 13. Customer appointment methods.....	25
FIGURE 14. Themes with what Young Adults seek for advice	26
FIGURE 15. Channels new customers use for contacting the bank	27
FIGURE 16. The contexts when Young Adults consider changing bank	27
FIGURE 17. Key elements of service qualities that Young Adults appreciate.....	28

1 INTRODUCTION

Digitalisation rapidly changes how banks operate nowadays and how consumers' expectations evolve in regard to services. Every day there are more and more different ways to control finances. Besides mobile apps developed by banks, a vast range of different budgeting and investing apps are available for following and managing finances. Apps create visual graphics, give insights of the finances and help to achieve the goal that the user has set. In today's world, due to digitalisation especially young adults have different aspirations and worldviews compared to older generations, which leads to that young adults have different expectations in regard to services.

This means that also banks need to evolve in order to satisfy the customers' needs. Customers expect services not only on the spot at a branch, but also online. Nowadays, a mortgage loan appointment or personal investment planning can also take place as an online appointment. Competition in the banking industry is tough and according to CGI's research, customer insights and product targeting for young adults requires improving from banks (2018, 4).

The commissioner of this thesis, Handelsbanken, was founded 1871 in Stockholm Sweden and is still to this date the oldest company on the Swedish stock exchange. It operates throughout the six home market countries; Sweden, Norway, Finland, Denmark, United Kingdom and The Netherlands. Handelsbanken International operates in many of the world's most significant economies, providing banking and financial support to home market customers. Figure 1 below illustrates the market shares on account deposits for banks operating in Finland.

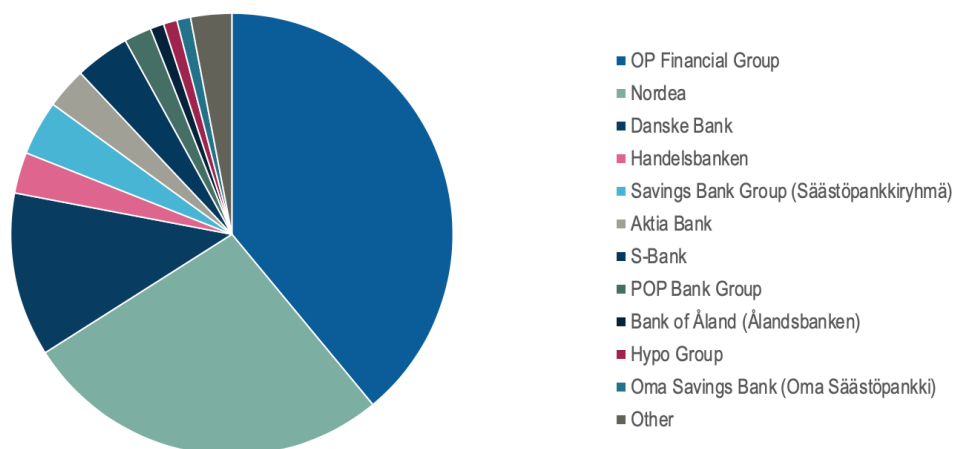


FIGURE 1. Market shares of credit institutions operating in Finland on deposits placed by non-monetary financial institutions, 30.6.2019 (Bank of Finland 2020, cited 22.3.2020)

Handelsbanken has, throughout the times, valued long customer relationships over the quantity of customers. Long-lasting customer relationships are built when the bank is able to provide user-friendly and tailored services for the customer at different life situations throughout the customership. It has become apparent that providing targeted services and engaging young adults is challenging. Furthermore, the commissioner wants to gain a deeper understanding of its customers, the young adults, and how the bank could improve its procedures with them. When dealing with young adults, bank representatives need to recognise that usually having a different approach can be more useful, because young adults are often first timers or less experienced and may not know the qualities of all the banking services provided to them.

In Handelsbanken, every single customer has a personal account manager at the branch with a direct phone number and email address. This is believed to be one of the secrets why Handelsbanken has satisfied customers year after year. In 2019 according to the research Handelsbanken has Finland's most satisfied corporate customers and third most satisfied private customers (EPSI Rating 2019, cited 22.3.2020). Handelsbanken's way of operating is decentralised, meaning that each branch is a local bank. It can be best described by an arrow, as figure 2 presents, in which all focus on the customer.



FIGURE 2. Handelsbanken's way of operating

Therefore, the customer is always first at Handelsbanken. The customer's services are always planned according to the customer themselves. Strong and lasting business relationships, low risk-taking and cost-awareness in terms of being more cost-efficient than competitors, are the cornerstones of the business. Hence, Handelsbanken is one the most sustainable banks in the world, and the only Nordic bank to be featured as a Sustainability Yearbook Member (S&P Global 2020, cited 22.3.2020; Handelsbanken 2020a, cited 22.3.2020).

According to CGI's report, banks should not only know their customers, but also be familiar with their life situation (2018, 5). Yet, CGI's research results showed that this aim is not currently met in a manner that satisfies young adults (2018, 5). It is not uncommon for the lives of young adults to

change significantly even in a short period of time, for example graduation, first full-time job, purchasing a first home and starting a family. Banks should pay attention to the fact, that the customers in different life situations need different kinds of services. Hence, differences can be discovered inside of the same customer segment, such as, what kind of services and service channels are needed. (CGI 2018, 5.)

The aim of this thesis is to reveal that what kind of different expectations do young adults have from Handelsbanken in regard to services and products. Handelsbanken wants to get a profound insight of the Young Adults customer segment. From this objective, the following research questions were formed:

1. What are the key elements of service qualities in banking that Young Adults appreciate?
 - 1.1. How many Young Adults does Handelsbanken have as customers and what services do they commonly have?
 - 1.2. What banking services and channels Young Adults preferably use?

This thesis is supported by the theory, framework and tools of service design. The double diamond model is being presented to describe the different stages of the service design process, which was also used to structure this thesis. Furthermore, different tools that can be used during the service design process are analysed and applied in the context of the research. The research method applied is a triangulation method combining both quantitative and qualitative approaches.

Firstly, a vast analysis was made on the existing customer segment, which identified the services commonly used. Secondly, a semi-structured survey was conducted on Handelsbanken's summer employees. The survey, which was created and answered on the Padlet platform pursued to gather feedback, ideas and insights on what kind of service expectations young adults have and what service qualities they appreciate. Thirdly, the findings from the data analysis and survey are introduced and compared with the theoretical framework. Conclusions were discussed and represented so that the bank may use them as a basis for further investigation and development for the Young Adults customer segment. Lastly, the thesis process is discussed and analysed.

2 RESEARCH METHODOLOGY

The research methodology consists of two different methods commonly used in academic work - quantitative and qualitative research methods. Quantitative research is a type of research that explains a phenomena by collecting numerical data which is analysed using mathematically based methods in particular statistics (Sukamolson 2007, 2). Furthermore, the numerical data used in quantitative research is commonly gathered through a survey or questionnaire. The purpose is to understand some aspects of the behaviour of the defined target group from the data, and to confirm a hypothesis about a phenomena. (Sukamolson 2007, 12; Mack & Woodsong 2005, cited 21.2.2020.) According to Given "Qualitative research is designed to explore the human elements of a given topic, where specific methods are used to examine how individuals see and experience the world" (2008, 29).

Although typically the research method is either quantitative or qualitative, many are now using mixed methods and approaches in academic work (Given 2008, 29). The combination of two different approaches in research is also known as triangulation. Triangulation refers to the use of multiple theories, data sources, methods or investigators within the study of a single phenomenon (Heale & Forbes 2013; Carter, Bryant-Lukosius, DiCenso, Blythe & Neville 2014, 545).

The research method of this thesis is triangulation combining both quantitative and qualitative research. Hence, using both quantitative and qualitative methods, findings can be compared from different perspectives (Heale & Forbes 2013). Firstly, the quantitative data is collected from Handelsbanken's existing customer database and further analysis was made. Secondly, the semi-structured survey was conducted at an innovative online platform called Padlet. The Padlet survey covers the qualitative research of the thesis.

2.1 Sample size and data collection

At first, before the survey was created, the current situation of the existing Young Adults target group customers was analysed. It is vital to recognise the current situation, so the survey can be created in a beneficial way and the findings can be compared together with the survey results. The data gathered and analysed from Handelsbanken's database is exceptionally detailed and the

precise data provides information of the Young Adults who are already Handelsbanken's customers. The data was collected on the 24th of April 2020.

Secondly, The Padlet survey was sent to all Handelsbanken's summer employees of 2019, after discussing and confirming it with Handelsbanken's Human Resources department. There were altogether 42 summer employees working. Unfortunately, some of the recipients were not working anymore, so the email was sent altogether to 35 employees.

The invitation to take part of the survey was sent via email with instructions on 26.8.2019. There was no specific schedule to answer the survey, however, almost immediately when the email was sent answers were being submitted. The timing of the survey was scheduled on late summer on purpose. Respondents were encouraged to answer based on both, the feedback and user experience gathered from the branch's young adult customers and their personal opinions. By the end of the summer, employees had already received feedback, thoughts and ideas from the target group customers.

The summer employees were explicitly selected to answer the survey, because they were both the target group of the Young Adults customer segment and by then they have been working at the customer interface for quite some time already. Even though the summer employees didn't have years of experience in the industry compared to other employees, their view on the topic was more personal and direct, justifying the use of their responses in the research. Most of the summer employees worked at Handelsbanken's branches and a minority in the departments at the headquarters. They were excited to pass on the customer feedback and their own ideas, and doing so, take part in developing Handelsbanken. Altogether there were 12 respondents in the survey, which is 34,3 response percentage. Even though total number of responses is not high, each respondent represents a single branch or department, giving a comprehensive view.

2.2 Survey

The survey within the research was conducted on the Padlet platform. The objective of the survey was to uncover that what kind service expectations do young adults, aged between 18 and 27, have from Handelsbanken. Furthermore, the survey wanted to gather information and insights in

depth on how and where Young Adults contact Handelsbanken and what is typically the purpose of the contact.

The invitation email sent to the summer employees included a QR code which opened the survey on Padlet. Padlet is a modern online platform that allows the questionnaire to be built piece by piece in an innovative way, and it also can be used as a tool in service design. The survey had altogether seven structured questions and two open-ended questions. Each of the seven structured questions had the answers set, and the respondents were asked to rate the answers from one to five, five as the most likely and one as the least likely. Additionally, it was also possible to comment on each answer if wanted. The last two open questions were designed to allow ideas, opinions, feedback and customer experiences to be shared by the respondents.

The survey was formulated in cooperation with a representative of Handelsbanken to ensure that the results would be both beneficial for the company and support the theoretical framework of the thesis. The survey questions were designed to be comprehensive, so that the answers could be analysed profoundly. Moreover, different structures such as open-ended questions, ensured that different kind of data and answers could be analysed.

2.3 Validity and reliability

Leavy states that validity and reliability are two main criteria for evaluating quantitative research. Shortly, validity refers to accuracy of the research design and methods, and reliability refers to the consistency of results and measure. (Leavy 2017, 113-115.) Using triangulation in research method can test or maximize the validity and reliability of a qualitative study (Golafshani 2003).

The statistics and numerical data gathered from Handelsbanken's database is accurate. The data illustrates the current customers of Handelsbanken Finland who belong to the Young Adults target group. To ensure customers' general data protection regulations are followed, not any information is represented where a single customer could be recognised.

The survey was relatively short, but precise. Instructions for the survey and questions were designed carefully to assure, that the responses are reliable. All answers were anonymous, so that every answer could be given truthfully and that respondents could not recognise one another. The

survey's respondents were all Handelsbanken's summer employees. Moreover, the survey was conducted with them because they were target group themselves and they had been working with customers for a couple of months by then, which ensures the respondents had already gotten customer feedback from customers. In addition, respondents were not just able to give valuable customer feedback and ideas per branch, but also give opinions on how the operations work behind the desk.

Even though the respondent's answers and ideas were very valuable and insightful, there were relatively few answers in total, which might lower the validity of the research. On the other hand, using the triangulation research method, where the numerical data and survey results support each other, elevates the validity and reliability of the research.

3 SERVICE DESIGN

To gain a deeper understanding of service design, this chapter uncovers theoretical and academic background of the subject. Characteristics and definitions of service design are analysed and the service design process model introduced. Furthermore, commonly used tools and methods which can be used at different stages of service design are discovered.

3.1 Definition of Service Design

Service design is a quite young and emerging approach, and it is still developing (Andrews, Stickdorn & Schneider 2011, 14). According to Tuulaniemi service design is a systematic way to approach developing and innovating services at the same time, both analytically and intuitively (2011, 10-11). The analytic approach means information about statistics, facts, data and customer research. Whereas the intuitive approach means the expertise and experience to see what could be possible in the future; being able to see something, that not yet exists. (Tuulaniemi 2011, 11.)

Andrews et al. (2011, 31-33) has collected definitions from both academic sources and different agencies, which are mentioned below:

Service Design help to innovate (create new) or improve (existing) services to make them more useful, usable, desirable for clients and efficient as well as effective for organisations. It is a new holistic, multi-disciplinary, integrative field.

- Stefan Moritz, 2005

Service design is all about making the service you deliver useful, usable, efficient, effective and desirable.

- UK Design Council, 2010

Service design is a design specialism that helps develop and deliver great services. Service design projects improve factors like ease of use, satisfaction, loyalty and efficiency right across areas such as environments, communications and products – and not forgetting the people who deliver the service.

- Engine Service Design, 2010

Service Design is the application of established design process and skills to the development of services. It is a creative and practical way to improve existing services and innovate new ones.

- Live|Work, 2010

Service design's definition is not unambiguous, as the markets' and consumers' service expectations constantly change and evolve. The aim is to look at the every-day service culture from different points of view and develop new thoughts and ideas, which all ultimately lead to satisfied customers. (Tuulaniemi 2011, 12.) Furthermore, service design responds to significant economic, social and technical trends. Therefore, service design has emerged in the twenty-first century. At economic markets the trend towards value in services grow, whereas, in social markets the customer expectations increase and evolving technology means change in digital services. (Reason, Brand Flu & Løvlie 2015, chapter 1.)

3.2 Service Design Process

According to Reason et al. to an organisation, service design offers a perspective, method and a tool set that enables the organisation to realize business ambitions as well as a way to deal with internal and external challenges (2015, chapter 1). It offers an approach to deal with strategic initiatives as well as operational challenges.

Each designer may have a slightly different approach and preferences of working, however, there are general activities common to all designers. To illustrate these activities and the whole service design process, literature and practice offers different frameworks. Frameworks can vary from having three to seven or even more steps, but fundamentally they all share the same mindset (Andrews et al. 2011, 126).

Miettinen and Koivisto present the service design process as a five-phase process which includes Discovering, Concepting, Designing, Building and Implementing (2009, 13). Andrews et al. highlights that at every stage of a service design process, sometimes it might be necessary to take a step back or even start again from scratch (2011, 124-126). Mistakes will happen and it is important to learn from them. Furthermore, Design Council has developed the Double Diamond model to illustrate the service design process (2015, 6). The Double Diamond model has divided the service design process into four phases: Discover, Define, Develop and Deliver (see figure 3).

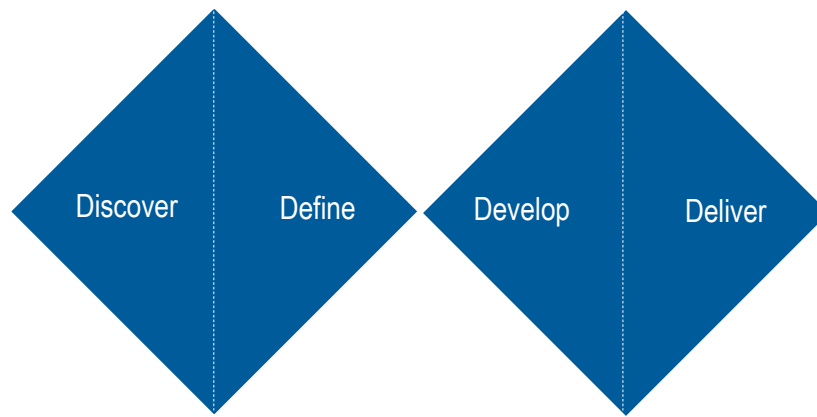


FIGURE 3. The Double Diamond

The Double Diamond starts with a Discovery phase. At the beginning of this exploratory phase designers gather insights and inspiration, identify user needs and develop initial ideas (Design Council 2015, 7-8). Andrews et al. highlights that at the beginning: “Gaining a clear understanding of the situation from the perspective of current and potential customers of a certain service is crucial for successful service design” (2011, 128). The Discover phase can be triggered in several different ways, such as social trends or when a competitor launches a new service (Design Council 2018, 8). The Discovery phase uses both qualitative and quantitative research methods, henceforth it can include both directly engaging with users and analysis of wider social and economic trends (Design Council 2015, 8).

The second quarter represents the Definition phase. This is where the designers’ objective is to analyse the outputs of the Discover phase into a reduced number of opportunities. The results are aligned with the organisational needs and business objectives to identify which to take forward. (Design Council 2015, 7-8).

The Develop phase aims to develop the initial brief into a product or service for implementation. It includes an iterative approach of prototyping, testing and retesting with users. Ideas are being developed and refined. (Design Council 2015, 7, 9). Hence the idea that is being developed is a service, the main challenge at this stage is the intangibility of services. Therefore, it is important to prototype service concepts in reality or circumstances close to reality (Andrews et al. 2011, 133). Telling a story through photos, videos, storyboards, or even a roleplay can help to gain a better mental picture of the service and consider the emotional aspects of the service (Andrews et al. 2011, 132-133).

At the final quarter is the Deliver phase, where the service is completed via final testing and launched. After the launch it is vital to ensure that users are able to give feedback of the service. (Design Council 2015, 9). Furthermore Andrews et al. reminds that it is also crucial to include the employees into the process as well (2011,134). “Ideally, employees should contribute to the prototyping of certain service moments and therefore have a clear vision of the concept” (Andrews et al. 2011,135).

3.3 Service Design Tools

At different stages of service design process, diverse tools and methods can be used to gain a deeper understanding of the topic. There isn't just one correct way to use the tools. Tools can be used for example to discover new perspectives, create new ideas and to test prototypes (Andrews et al. 2011, 140-141).

As a tool, customer profiles can provide a range of different perspectives on a service (Andrews et al. 2011, 173). They are created from customer interviews, conversations and shadowing. Profiles of the target customer groups bring valuable insights of an individual customers' wants, needs and values. The profile is a detailed description of a customer, which includes a description of the person's experience of the service - the ups and downs (Reason et al. 2015, chapter 6).

Customer journey maps visualises service experiences from the customer's perspective. The main idea is to identify the touchpoints where users interact with the service. These touchpoints can take place for example when customer visits the company's webpage, uses mobile app, call or visits the office. (Reason et al. 2015, chapter 6.) Andrews et al. states that a customer journey map provides a high-level overview of the factors influencing user experience, constructed from the user's perspective (2011, 152).

Online ethnography gains user-structured documentation of service processes. It takes place typically on a mobile app, so the interviewee is not traditionally present in person. The data can be collected anywhere and at any time. The insights gained are dependent on how the participants choose to structure their answers within the research. However, the participants provide a user-structured image of how the service is operating. (Andrews et al. 2011, 166-167.)

4 DISCOVERY & DEFINITION

In the core of every service is a person using the service, the customer. Interaction between the service provider and customer is in the centre of building the service experience. To understand customers and on what their decision-making is based on, service providers' need to have an understanding how customers' values form in every-day-life. Tuulaniemi introduces the main elements which influences on customer's values: needs, expectations, routines, habits, other's opinions, qualities and the price of service compared to competitive services. When a customer is understood on these levels, entirely new service concepts can be developed. (2017, 71.)

4.1 Young Adults

There are many terms that describe young adults, such as Millennials or Generation Y. Handelsbanken defines young adults to be aged between 18 and 27 years old. Basic banking services, such as account, bank card and online/mobile banking, are provided for free of charge for the young adults (Handelsbanken 2020b, cited 24.4.2020). In addition, Handelsbanken offers some tailored services for young adults, such as student loan and an ASP account. The purpose of an ASP account is to save at least 10 % of the house to be bought in the future, and the account has an interest rate. Handelsbanken does not have any customer reward programmes in use.

McCrindle and Wolfinger defines demographically Generation Y to be born between 1980 and 1994, whereas people born between 1995 to 2009 represent Generation Z (2009, 11,12,14). Hence, Handelsbanken's age range include both Generations Y and Z, so analysis including both generations was made. According to McCrindle and Wolfinger "The technology, mass marketing, politics and pop culture in which today's youth have grown up have ensured a significant difference to previous youth cultures. And because of the different times, conditions and social markets, these generations have different aspirations and worldviews" (2009, 4). Hence, Generations Y and Z are also environmentally and politically conscious (McCrindle & Wolfinger 2009, 4). In addition, Generation Z has grown in an environment, where information provided by modern technology is available at any time (Turner 2015, 105). Digitalisation, internet, social media and smart devices have changed the way how people conduct business, maintain relationships and access information (Turner 2015, 105).

CGI's research in 2018 examined banks' future from young adults' perspective and investigated how continuous technological development effects on customer behaviour, attitudes and future expectations. According to their research controlling finances, realtime services, rewarding and taking customer's life situation into consideration, are the cornerstones in terms of responding to the service expectations of Generation Y and Z. Young adults do not always feel to be understood and sometimes services and products offered are unnecessary or not tailored enough. Even though, today's world is highly digitalised, young adults still appreciate personal service face-to-face or on online. Personal services are especially needed when customer needs advising about new finances or loans, matters of security or fraud is being resolved or reported, and tailored saving and investment plans are being created. (CGI 2018, 2,5,6.)

4.2 Analysis of existing data

This following chapter discovers the most recent situation of young adults who are customers at Handelsbanken Finland. This current situation is identified through the data gathered from Handelsbanken's customer database. Many of the young adult customers, especially the younger ones, are often long-term family customers. The customership is typically opened by parents when the customer was an infant. As the customer grows and ages, with it also the services at the bank should evolve. In total, Handelsbanken has [REDACTED] customers who are 18-27 years old and thus, belong to Young Adults customer segment. Figure 4 shows more closely of how the customers' ages divide inside of the segment.

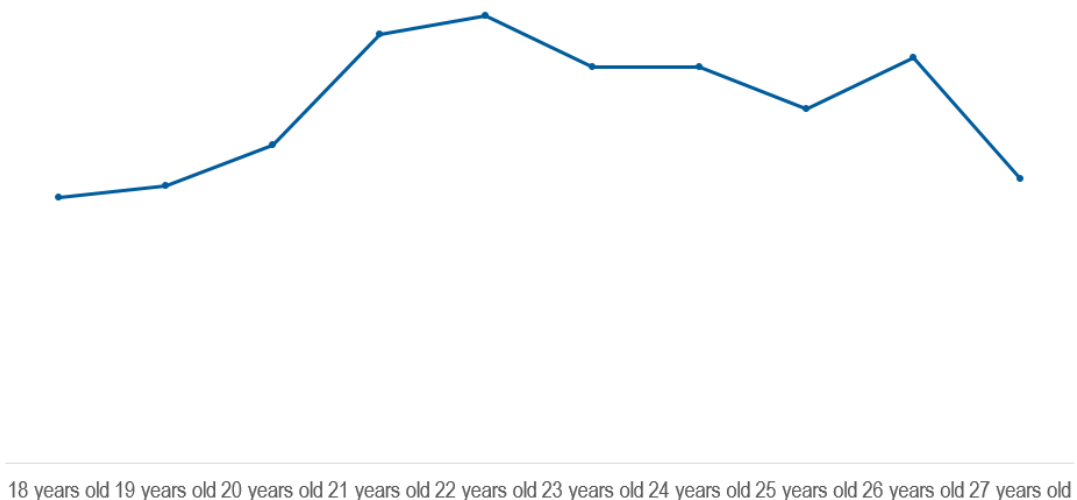


FIGURE 4. The age distribution of young adults at Handelsbanken.

Out of the total [redacted] customers, [redacted] customers are new customers, as they have opened their customership in the past twelve months. Figure 5 illustrates the age distribution within new customers. It can be seen from the illustration, that there are fewer new customers in ages 18 to 22 and slightly more new customer in ages 23-27. The characteristic of a new customer was determined to be that they have at least an account, bank card and online banking services.

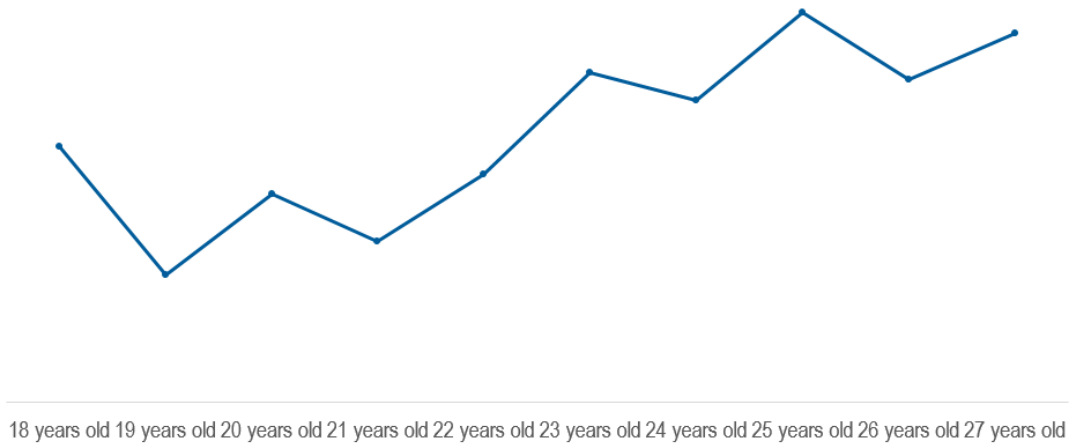


FIGURE 5. The age distribution of new customers in 04/2019 - 04/2020

As mentioned earlier, Handelsbanken offers a vast selection of services for Young Adults. Figure 6 shows that how many customers of the segment in total have the service mentioned. On average customers have 3,4 services. Online bank and a bank card, in addition to different type of bank accounts, are considered to be the basic banking services for every customer in order to take care of daily banking activities. Moreover, nowadays online bank has become a more crucial service to have, since it is a way for authentication at third parties' sites and services, such as the Tax Administration's online services.

In addition, there are also loans and a great selection of different funds. It can be seen without question that the majority of the customers have an online bank and a bank card. However, there is a dramatical change to the total of how many customers have a fund/funds or a loan/loans. The average age of a customer with a fund is 22,9 years and monthly savings to a fund is 22,7 years.

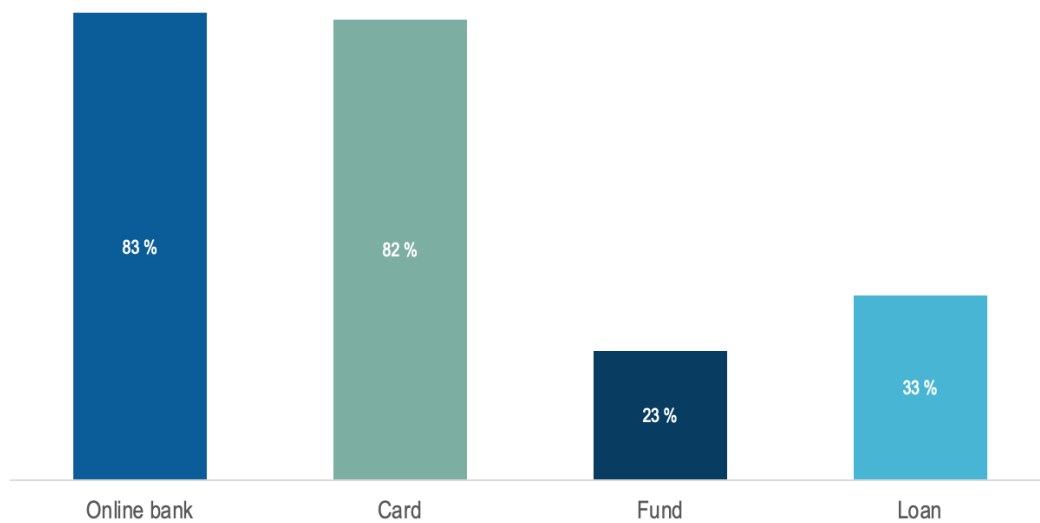


FIGURE 6. The distribution of services used by Young Adults

The sector graphic below illustrates the primary bank cards in use, where it can be seen that Online Debit card is the most popular card used among Young Adults (see figure 7). With Online Debit card, purchases and withdrawals are deducted directly from the account (Handelsbanken 2020c, cited 26.4.2020). In addition, separate purchase and withdrawal limits per day can be set and if online purchases are allowed or not (Handelsbanken 2020c, cited 26.4.2020). That also being the reason why Online Debit card is offered for customers under 18 years old. There are few requirements in order to be able to have a credit card, such as regular incomes and not to have any payment defaults. That and Handelsbanken’s low risk tolerance, can be one reason why there are relatively few Young Adults with a credit card.

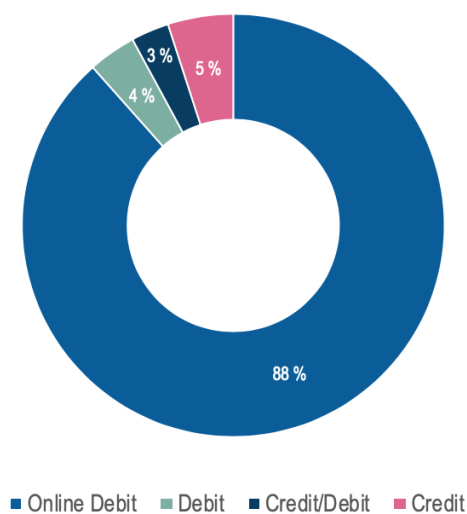


FIGURE 7. Distribution of services in regard to bank cards

Figure 8 below shows that how many Young Adults in total have any funds at all, a fund, or monthly savings to a fund. Only a little more than [redacted] customers have savings in a fund. Customers can start saving to a fund by booking an appointment to a branch or doing it themselves in an online bank or the app. Monthly savings to an ASP bank account is not taken into consideration in the graphic, yet it is also a popular way to save capital and it has less risks than funds. There is a lot of information available for those interested about how to start saving, but it might feel too big of a decision to do alone without help from a professional from a bank.

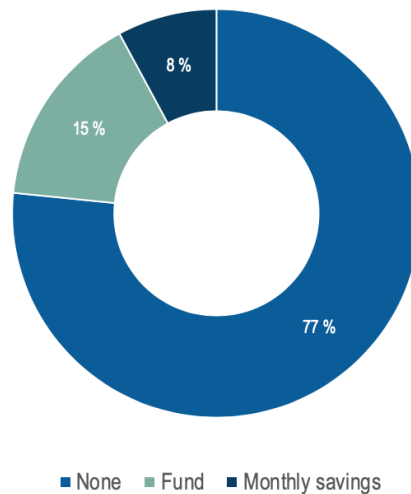


FIGURE 8. Distribution of services in regard to funds

The graphic below illustrates the loans Young Adults have from Handelsbanken (see figure 9). Altogether 67 % of the customers do not have any loan, which is almost [redacted] customers. There are the most loans with the amount of 25 000 euros or less, totalling to a 26 % share amongst Young Adults. Usually loans under 25 000 euros are student loans. 4,16 % of the Young Adults have a loan larger than 100 000 euros, which is quite modest. Loans that size are in most cases mortgage loans and with Young Adults it is often the first home ever bought. In addition to a mortgage loan Handelsbanken offers optional loan protection which in event of a death, gives to the family financial security by repaying parts of the loan. Altogether 2,33 % of the customers with a loan has also a loan protection. In conclusion, almost every third Young Adult has some sort of loan in Handelsbanken.

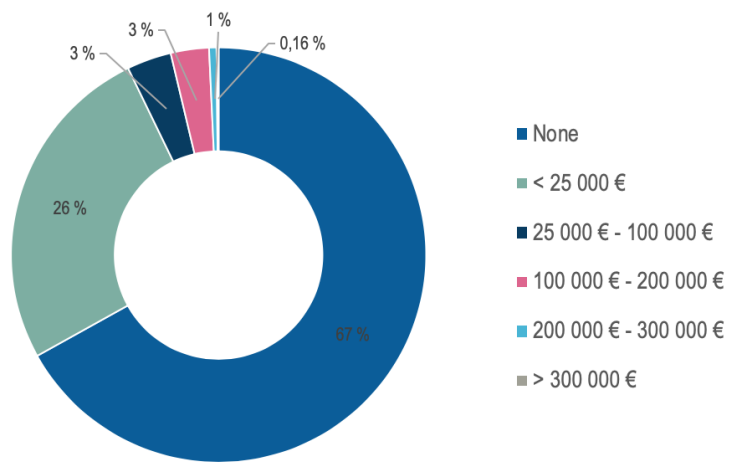


FIGURE 9. Distribution of services in regard to different sized loans

5 DEVELOPMENT ANALYSIS

The following chapter analyses in depth the results of the survey conducted in Padlet. The aim of the survey was to gather thoughts, insights and experiences from Handelsbanken's summer employees who worked amongst the target customer segment, Young Adults. From the survey answers, comments and responses to open ended questions can be concluded how Young Adults experience Handelsbanken's customer service and selection of services. Moreover, the survey pursued to understand that what are the primary channels of how Young Adults interact with the bank, especially in the case of new customers. The survey platform at Padlet can be seen in appendices.

5.1 Survey

The recipients were asked to answer the structured questions by rating the given answers from one to five, five as the most likely and one as the least likely. Figure 10 below illustrates that Young Adults preferably use messages sent via online bank or mobile app, for contacting the branch. From the four options going to the branch, or sending a message or online application depending to the matter, are the only contact methods where customer can be authenticated. Nevertheless, some of the matters can be solved on the phone without authentication.

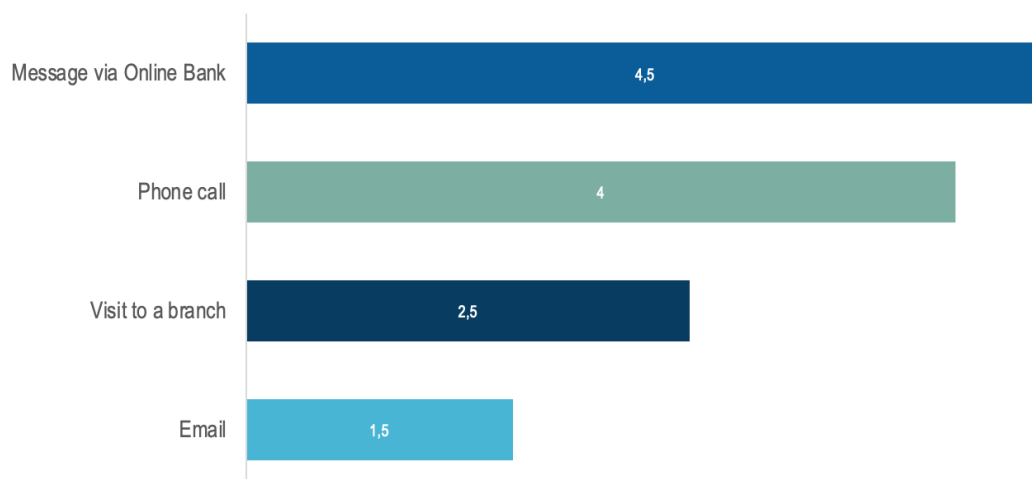


FIGURE 10. Channels that customers use to contact bank

Moreover, the next question wanted to find out if in total Young Adults use more online channels than so-called traditional channels, for example when a new bank card is required or a student loan application filled (see figure 11). By traditional channels it is meant for example when an application form is done in a branch. Nowadays, when customers can sign almost everything electronically in an online bank, it is no surprise that it is the more commonly preferred channel. However, customers can only sign documents in an online bank, and at least not yet in a mobile app. Some of the customers have challenges to go to the branch because of the branch's opening hours, which can increase the use of online channels.

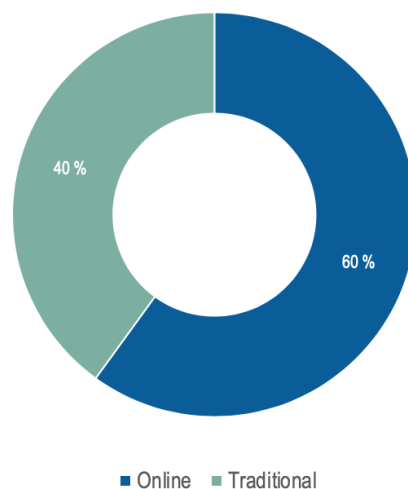


FIGURE 11. Channels customers preferably use

Figure 12 illustrates the services Young Adults typically have according to the survey. Basic services refer to a bank account, bank card (Debit or Online Debit) and online bank. In addition to basic services, second most commonly used service was a student loan with a difference of one points. With a little larger difference, an ASP account was third most common service with altogether 2,5 points.

Yet again, credit card, mortgage loan and monthly savings were experienced as least common services, which also the findings in figures 7-9 support. Requirements are more strict for granting credit cards and mortgage loans, compared to other services illustrated, which may explain lower results. Such low result in savings may indicate that customers' monthly income does not allow extra savings or bank is not actively enough suggesting it. On the other hand, an ASP account instead of monthly savings to a fund, might be a more popular saving method among Young Adults.

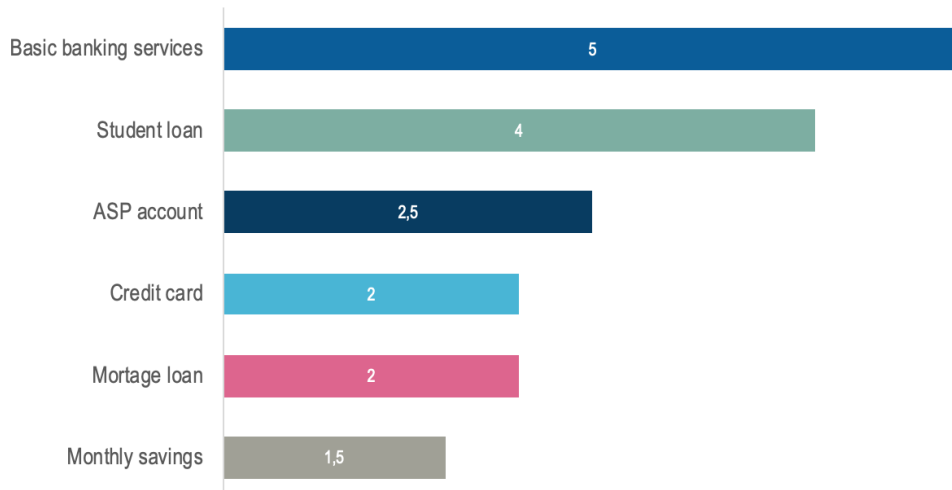


FIGURE 12. The services customers commonly have

For a long time Handelsbanken's customer appointments were held at the branch. At the end of 2018 Handelsbanken launched online appointments to answer customers' increased service expectations. Besides traditional appointments, online meetings are easy and flexible way of meeting a professional, and it can be done from home, work or during a trip. The respondents of the survey have an understanding that still 75 % of the appointments are booked to the branch (see figure 13). At first, there were difficulties with using the online meeting platform Skype for Business, and meetings were only possible to schedule with customers who have an online bank. Just lately, during the first quarter of 2020, it is also possible to have an online meeting with potential customers, who do not yet have any services at Handelsbanken. It is likely and expected that the use of online appointments increases in the future.

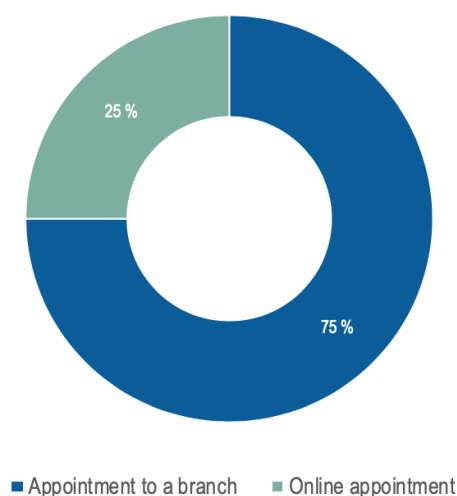


FIGURE 13. Customer appointment methods

Nowadays there is a lot of information available for interested and self-imposed people on how to control finances, for example how to save and invest capital or what kind of mortgage loan is a good option, but it is important to keep source criticism in mind whilst browsing data. Young Adults may seek advice with different topics than people at different ages. The survey wanted to gather insights on what typically these topics are for young adults.

There was no large variation between survey results. However according to figure 14, Young Adults need advice the most when a first home is about to be bought and hence the first mortgage loan taken. Surprisingly, advice was also needed quite often with problems of daily banking. One respondent of the survey specifies in comments, that advice was needed for example with how to use the mobile apps. Altogether results indicate that Young Adults quite often seek for advice about the themes listed, which is imperative for the bank's professionals to remember when meeting the customer. Meaning that when compared to customers of older generations, Young Adults often have less experience if none in the subject that the advice is needed on. Therefore, bank's professionals need to recognise a situation when the matter is needed to explain more closely and profoundly to the customer.

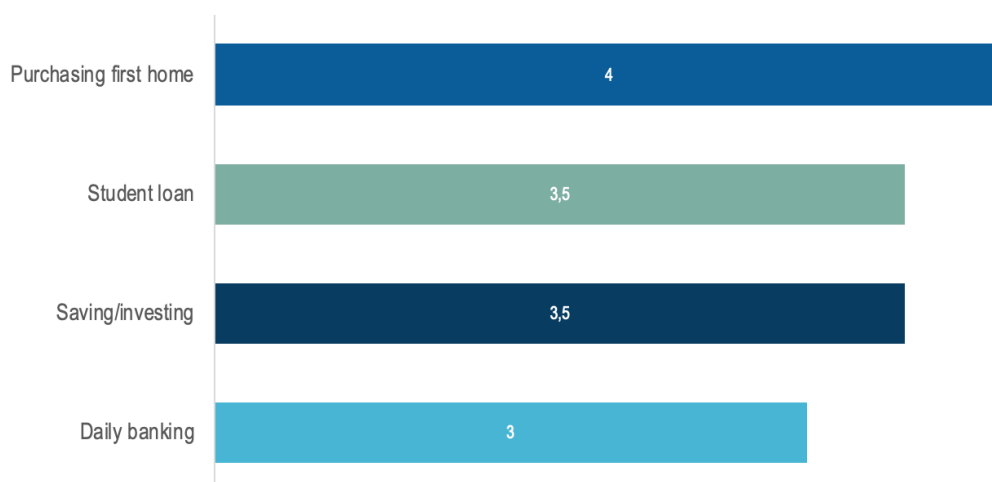


FIGURE 14. Themes with what Young Adults seek for advice

The figure 15 below illustrates that how new customers usually approach Handelsbanken. Sending a loan application through webpage and a phone call booking an appointment to the branch are two the most popular ways of contacting the branch preferred. Both channels are quite opposite from each other, where online application is digital channel and a phone call more traditional method. Refences and contacting via email had relatively low results. Handelsbanken has not so

long ago introduced the importance of customer references and using them in the operations, therefore it's low outcome in the survey is not quite as expected.

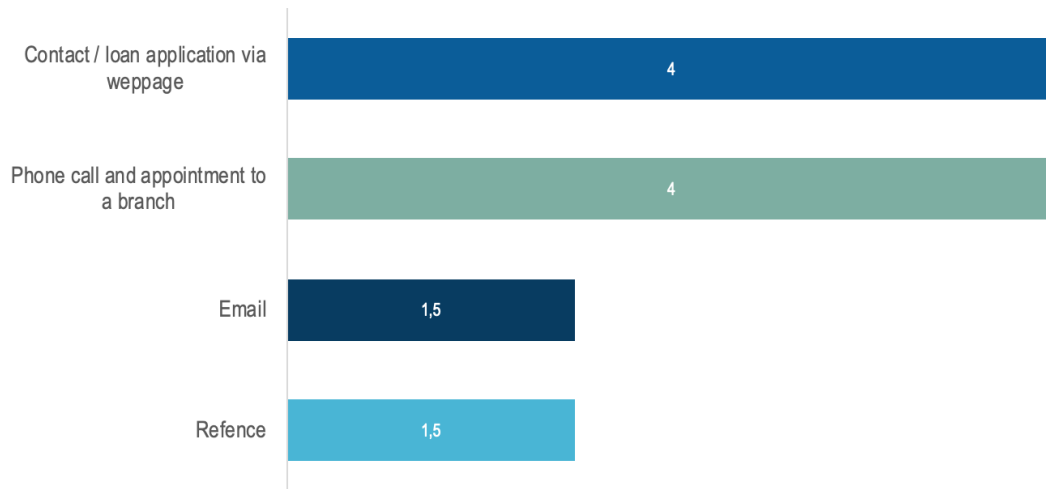


FIGURE 15. Channels new customers use for contacting the bank

The last structured question of the survey aimed to get insights at under what circumstances customers have been recognised to consider changing bank. The results were very equal among the three alternatives, as seen in figure 16. The competition in banking is tough and banks have a wide range of different offers for new customers. Often customers considering changing bank and a mortgage loan ask offers to compare from several banks. One respondent provided an insight saying that usually Young Adults have a higher barrier to change bank due to a lack of experience and knowledge.

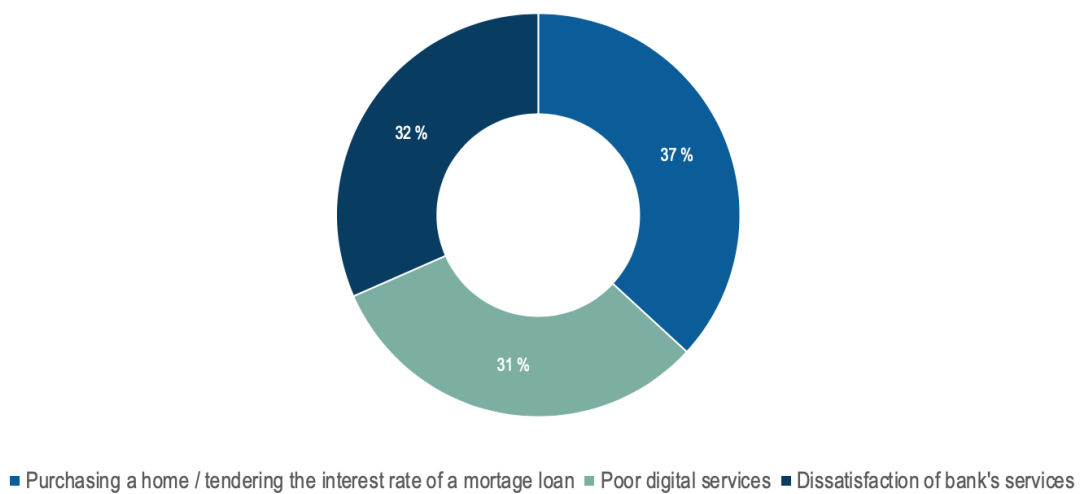


FIGURE 16. The contexts when Young Adults consider changing bank

Lastly, two open-ended questions wanted to give an opportunity for sharing feedback, thoughts and ideas. The first question particularly asked to describe that what kind of service qualities Young Adults appreciate and furthermore to comment the key elements of it. The key elements were: digital, fast, simple, easy, professional and smooth. Figure 17 combined the four most popular and reoccurring elements together.



FIGURE 17. Key elements of service qualities that Young Adults appreciate

Moreover, according to the survey results Young Adults preferably control finances at digital platforms instead of going to a branch. Professional and user-friendly online services play a huge role in Young Adults' user experience. Thus, the importance of digital services increases all the time.

The respondents shared a lot of thoughts on how online bank could be improved and sometimes functions at online bank are tricky and incoherent for customers. Customers would like to have more features and services on digital platforms, especially on the mobile app. However, even Young Adults appreciate Handelsbanken's personal service and experience bank as easily approachable.

6 CONCLUSIONS

Millennials are an exceptional age group that have born in digital era, hence Young Adults have special aspirations and worldviews. Compared to older generations Young Adults have different expectations in regard to services and how, when and where they wish to control their finances. Moreover, there is an increased need for advanced and sophisticated digital services, yet despite digitalisation, the most important matters in life are still sought to be handled in person.

Different service design tools and methods can be applied in improving existing services and methods how or when to approach customers. The Double Diamond framework that describes the service design processes was followed on this thesis. Furthermore, for qualitative research an online ethnography tool was used for the survey. The survey was conducted on a Padlet platform, which collected user-structured data on how Handelsbanken's services are operating among Young Adults.

The objective of this research was to gather data and insights of the services and channels that Young Adults typically use, and to understand in depth Young Adults and their service expectations. The results in conducting the elements of the services that Young Adults appreciate can be used in the possible future projects at Handelsbanken. Hence, different research methods were used in this work and having quite a vast research problem, also more descriptive sub-questions were formed. The research questions were developed as follows:

1. What are the key elements of service qualities in banking that Young Adults appreciate?
 - 1.1. How many Young Adults does Handelsbanken have as customers and what services do they commonly have?
 - 1.2. What banking services and channels Young Adults preferably use?

The data analysis illustrated that there is no big difference between the existing and new customers in the age group. However, when compared to other ages there was drop in quantity of customers at age 27. It may indicate that customers are aware that their basic banking services are not complimentary anymore after the customer turns 27 years, and as a result look elsewhere for similar services at lower costs. To prevent this scenario, it is recommended that bank approaches customers in some way before their 27th birthday.

From the data analysis and the research results it can be concluded that Young Adults highly appreciate personal service, both in person and online. It is valued that the customer's contact person at Handelsbanken is only a phone call away if needed. Customers do not need to que on the phone for a long time and speak with unknown bank representative. Yet, Handelsbanken could be a little more transparent in its actions and embrace itself as a bank that is easily approachable.

In addition, survey results indicated that customers, especially at younger ages, need more advice due to being first timers in managing finances. It is important to meet with the customer early enough when customer is planning to do important financial decisions in life. The bank is late if the customer is met when they are already asking for a committed mortgage loan offer, when it should have been planned far beforehand.

Moreover, bank's ought to be more active in contacting and guiding Young Adults. This does not necessarily mean that every customer should be called, but for example the bank should use technological tools as support to approach customers for example by sending automatized messages via online bank. The bank cannot assume that Young Adults who are making the decision are aware of all the different options and know to ask the right questions. Customers feel that it is important that the bank understands the customer's life situation. In other words, empathy and truly understanding the customer is the key.

Findings show that Young Adults expect modern and versatile online services, which Handelsbanken appears to have challenges in. Customers like to handle their daily banking online, especially on mobile apps, for example transferring money real-time. Useful digital tools and customisable options on services help in engaging customers. Thus, competition has increased lately when new third-party banking apps are brought into the market.

It is imperative for banks to see the potential in Young Adults and it cannot be done without knowing the customers. A young 18-year-old student can be a significant customer in ten years. At the beginning of the customer journey, basic customership is not profitable due to free basic banking services. Nevertheless, customer engagement and loyal customers in the long run are extremely valuable, but in order to have that, it also requires effort and customer insights from the bank.

Furthermore, to understand Young Adults on a deeper level and further developing service qualities for them, it is also imperative to bring elements of service design into the process. Applying service

design's methods and tools in the process of developing banking services for Young Adults is crucial to ensure that the services are tailored enough for the target group. In other words, if the service or product is designed purely from a technical viewpoint, as a result it might not satisfy the customers' needs. Not always all services or products are suitable for every customer. Customers at different age and different life situations have different kinds of needs for banking services, which emphasises the importance of carefully defined customer segments. Applying service design ensures that the service or product developed is tailored as well as possible for the customers.

It is recommended that also employees are included in the processes of developing a product or service. Thus, it is essential that also the employees understand and support the concept. Employees that also match the defined customer segment, are able to bring ideas and insights, which others are not necessarily capable of. When the new service or product is launched, following and evaluating how it is functioning has a direct impact on its success. Ideally, evaluating the use of the product is followed by another exploration to evaluate its progress, which leads to the repeating process of service design thinking. Because at the end of the day, at the centre of every service is a customer.

7 DISCUSSION

The thesis process was a pleasant experience and the journey taught many new things, in regard to knowledge and also on a personal level. This thesis taught how customer target groups and customer service can be looked at from different perspectives. The process also showed that there can be new and different kinds of findings on customer segments when comparing them to previously set definitions. It became evident that adapting the correct tools and methods of service design can lead to different kinds of findings.

The theory, data analysis and the survey results can be easily compared, allowing the research questions to be answered properly. The triangulation research method was a new approach to adapt and it taught how the findings of two different types of data used in research can either lead to new findings or support each other. Critical analysis of academic sources was required, which turned out to be challenging sometimes because there are relatively few sources of academic literature and articles available about service design. All in all, this thesis taught a lot about the topics it covered.

In addition, conducting a customer database analysis and performing a survey was a new experience. Deciding what data to use and forming informative graphics was interesting. The survey was conducted so that it adapts the concept of service design and that the whole survey is using a service design tool, called online ethnography. It was challenging to decide what tool and platform was the most beneficiary to use for the survey. At the start of the survey, there were a few technical problems with the Padlet platform, but their customer support was able to solve the problems in a reasonable time. Overall, analysing a specific customer segment in depth was something new and very fascinating.

Hopefully in the future this thesis and its findings are used for further developments of the banking services for Young Adults. For example, when a new product or service is designed, it is also recommended that service design's methods are applied in addition to other approaches. It was extremely interesting to work with the topic and to find evidence for the need to develop further targeted banking services for Young Adults.

REFERENCES

Andrews, K., Stickdorn, M. & Schneider, J. 2011. This is service design thinking : basics - tools - cases. Amsterdam: BIS Publishers.

Bank of Finland 2019. Suomessa toimivien luottolaitosten markkinaosuudet. Cited 22.3.2020, https://www.suomenpankki.fi/fi/Tilastot/rahalaitosten-tase-lainat-ja-talletukset-ja-korot/taulukot/rati-taulukot-fi/markkinaosuudet_luottolaitokset_fi/.

Carter, N., Bryant-Lukosius, D., DiCenso, A., Blythe, J., & Neville, A. J. 2014. The Use of Triangulation in Qualitative Research. *Oncology Nursing Forum* 41(5), 545-547.

Design Council 2015. Design methods for developing services. Cited 26.8.2019, https://www.designcouncil.org.uk/sites/default/files/asset/document/DesignCouncil_Design%20methods%20for%20developing%20services.pdf.

EPSI Rating 2019. Pankki ja rahoitus 2019. Cited 22.3.2020, <http://www.epsi-finland.org/report/pankki-ja-rahoitus-2019/>.

Given, L. 2008. *The Sage encyclopedia of qualitative research methods*. Sage publications, 29.

Golafshani, N. 2003. Understanding reliability and validity in qualitative research. *The qualitative report*, 8(4), 597-607.

Handelsbanken 2020a. The Sustainability Yearbook 2020. Cited 22.3.2020, <https://www.handelsbanken.com/en/sustainability/news/the-sustainability-yearbook>.

Handelsbanken 2020b. Nuorten aikuisten pankkipalvelut. Cited 24.4.2020, <https://www.handelsbanken.fi/fi/henkiloasiakkaat/lapset-ja-nuoret/nuorten-aikuisten-pankkipalvelut>.

Handelsbanken 2020c. Online Debit. Cited 26.4.2020, <https://www.handelsbanken.fi/fi/henkiloasiakkaat/tilit-kortit-ja-maksut/pankki-ja-luottokortit/online-debit>.

Heale, R. & Forbes, D. 2013. Understanding triangulation in research. *Evidence-based nursing*, 16(4), 98.

Leavy, P. 2017. *Research Design : Quantitative, Qualitative, Mixed Methods, Arts-Based, and Community-Based Participatory Research Approaches*, Guilford Publications, New York.

Mack, N. & Woodsong, C. 2005. *Qualitative research methods: A data collector's field guide*. Cited 21.4.2020, <https://course.ccs.neu.edu/is4800sp12/resources/qualmethods.pdf>.

McCrinkle, M., & Wolfinger, E. 2009. *The ABC of XYZ: Understanding the global generations*. The ABC of XYZ.

Miettinen, S. & Koivisto, M. 2009. *Designing services with innovative methods*. Kuopio: Academy of Design.

Reason, B., Brand Flu, M. & Løvlie, L. 2015. *Service Design for Business*. NJ: John Wiley & Sons.

Report by CGI 2018. *Future-proof banking: mitä nuoret aikuiset odottavat pankeiltaan juuri nyt?*

S&P Global 2020. *Ranking*. Cited 22.3.2020, <https://yearbook.robecosam.com/ranking/>.

Sukamolson, S. 2007. *Fundamentals of quantitative research*. Language Institute Chulalongkorn University. Cited 21.4.2020, <http://carinadizonmaellt.com/LANGRES/pdf/30.pdf>.

Turner, A. 2015. Generation Z: Technology and Social Interest. *Journal of Individual Psychology*, 71(2), 103–113.


Tuulaniemi, J. 2011. *Palvelumuotoilu*. Helsinki: Talentum.

padlet

Jenna Järvinen • 1mo

Kysely

Minkälaisia palveluodottamuksia Nuorilla Aikuisilla (18-27 -vuotiailla) on Handelsbankenilta?

<p>Minkä kanavan kautta asiakkaan yhteydenotto yleensä tulee?</p> <p>Verkko-/mobiilipankkiviesti</p> <p>★★★★↓ (12) RATE</p> <p>Add comment</p>	<p>Käyttävätkö asiakkaat mielummin sähköisiä vai "perinteisiä" kanavia?</p> <p>Sähköisiä</p> <p>★★★★↓ (12) RATE</p> <p>Add comment</p>	<p>Millaisia palveluita asiakkailla useimmiten on?</p> <p>Peruspalvelut</p> <p>Tili, kortti (Debit), verkkopankki</p> <p>★★★★★ (11) RATE</p> <p>Add comment</p>
<p>Puhelu</p> <p>Asiakas soittaa konttoriin</p> <p>★★★★★ (12) RATE</p> <p>Add comment</p>	<p>Perinteisiä</p> <p>★★★ (10) RATE</p> <p>Add comment</p>	<p>+ Opintolaina</p> <p>★★★★★ (11) RATE</p> <p>Add comment</p>
<p>Käynti konttorissa</p> <p>★★↓ (12) RATE</p> <p>Add comment</p>		<p>+ Asuntolaina</p> <p>★★ (10) RATE</p> <p>Add comment</p>
<p>Sähköposti</p> <p>★↓ (10) RATE</p> <p>Add comment</p>		<p>+ ASP-tili</p> <p>★★↓ (9) RATE</p> <p>Add comment</p>
		<p>+ Luottokortti</p>  <p>★★★★ (9) RATE</p> <p>Add comment</p>
		<p>+ Kuukausisäästö</p> <p>★↓ (10) RATE</p> <p>Add comment</p>

Asiakas varaa tapaamisen yleensä:

Ajanvaraus konttoriin

★★★★↓ (10) RATE

2 comments

Anonymous 8mo
Osassa tapauksista saadaan asiakkaan ongelma/asia hoidettua esimerkiksi puhelimesta ja allekirjoitukset hoidetaan verkkopankissa, jolloin konttoritapaamiselle ei ole aina tarvetta.

Anonymous 8mo
Verkkoviestin tai puhelun kautta.

[Add comment](#)

Verkkotapaaminen

★↓ (8) RATE

[Add comment](#)

Missä asioissa nuori kaipaa henkilökohtaista neuvoa?

Ensiasunnon hankinta

★★★★ (9) RATE

[Add comment](#)

Säästäminen/sijoittaminen

★★★★↓ (11) RATE

1 comment

Anonymous 8mo
Rahastosäästäminen

[Add comment](#)

Päivittäisasiointi

★★★★ (11) RATE

1 comment

Anonymous 8mo
mm. Mobiilisovellus/vahvistusovellus

[Add comment](#)

Opintolaina

★★★★↓ (11) RATE

[Add comment](#)

Joku muu, mikä?

☆ RATE

[Add comment](#)

Uudet asiakkaat ottavat useimmiten yhteyttä:

Yhteydenotto/lainahakemus verkkosivujen kautta

★★★★ (11) RATE

[Add comment](#)

Puhelu

Asiakas soittaa ja varaa ajan konttorille

★★★★ (11) RATE

[Add comment](#)

Sähköposti

★↓ (9) RATE

[Add comment](#)

Referenssi

★↓ (9) RATE

[Add comment](#)

Missä yhteydessä nuoret kilpailuttavat pankkeja?

Asunnon hankinta/marginaalin kilpailutus

★ ★ ★ ↓ (11) RATE

1 comment

Anonymous 8mo
Yleensä nuori on pankin asiakas esim vanhempien kautta. Nuorella henkilöllä on yleensä suurempi kynnys kilpailuttaa kokemattomuuden ja tiedon puutteen takia.

Add comment

Kehnot digitaaliset palvelut

★ ★ ★ (9) RATE

Add comment

Tyytymätön pankin palveluun

★ ★ ★ (10) RATE

Add comment

Joku muu, mikä?

★ RATE

Add comment

Miten kuvailisit nuorten asiakkaiden toivomaa palvelua?

Esim. nopea ja vaivaton asiointi. Millaista palvelua asiakkaat arvostavat? Anna esimerkki!

★ RATE

6 comments

Anonymous 8mo
Nopea, sähköinen, yksinkertainen. Toimivat mobiilisovellukset. Esim nyt sähköinen allekirjoitus on suht hankalaa ja asiakkaille epäselvää.

Anonymous 8mo
Nopeaa ja sähköistä palvelua, joka ei vaadi konttorissa käyntiä

Anonymous 8mo
Helppoa, nopeaa ja ammattitaitoista

Anonymous 8mo
Sujuvia sähköisiä palveluja, jotta konttorissa käyntiä ei vaadita.

Anonymous 8mo
Hyvien mobiilipalvelujen tärkeys korostunut, asiointiin pitää olla helppoa ja nopeaa

Anonymous 8mo
Sovellukset ja sähköisten palveluiden joustavuus ja toimivuus iso osa nuorten käyttökokemusta

Add comment

Sana on vapaa!

Kaikenlaiset ideat, palaute (asiakkaan tai oma) ja kokemukset on erittäin tervetullutta!

★ RATE

8 comments

Anonymous 8mo
Verkkopankin kehitys vielä selkeämmäksi. Astun päivitys verkkopankista

Anonymous 8mo
Allek pyyntöjen kuittaus mobiilissa

Anonymous 8mo
Ehdottomasti astun päivitys verkkopankkiin! Mobiilisovelluksen yleinen kehittäminen

Anonymous 8mo
Asiakkaat tykkäävät kun pankki on helposti lähestyttävä.

Anonymous 8mo
Monet toivovat yhä enemmän palveluita mobiilipankkiin.

Anonymous 8mo
Olisi hyvä, että asiakas voisi päivittää astun kokonaisuudessaan verkkopankissa. Lisäksi kysyntää olisi kattavammille palveluille mobiilipankkiin, esimerkiksi sopimusten allekirjoitusmahdollisuudelle.

Anonymous 8mo
Astun päivitys verkkopankkiin (oli asiakalle vaatimuksena sitten korkeam riskin maiden lisätiedot tai pelkkä perustietojen päivitys) ja päivityksen vaatiminen samantien kirjautuessa ilman mahdollisuutta väistää päivittämistä.

Anonymous 8mo
Asiakkaan mahdollisuus päivittää ulkomaiset osoitetiedot suoraan verkkopankkiin.

Add comment