

Customer experiences receiving investment services

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Today the customers are able to compare the products of the different services available easily and between service companies, the experience the customer receives has become more and more important.

Banking services have experienced the same evolution than the other surrounding service companies, and the importance of more complicated advisory services is sought after, when simpler transactions are taken care by the customers themselves. Investment services are one of the highest profiting business areas and it is understandable that more focus is steered towards them when banks are determining where to put their resources. Because of the importance of investment services and the customer experience within, the thesis studies the investment advisory process in the three largest banks in Finland providing advisory to their retail customers.

The study was conducted by a mystery shopping research where young adults sought for advisory in starting to invest in the form of monthly saving. All of the mystery shoppers are laypersons in the world of investing. The study follows the end-to-end journey of seeking the service and making an appointment, all the way to receiving the service. Attention is also paid to the websites of the case companies as they serve as the first point of contact both to finding general information all the way to making an appointment. The mystery-shopping round paid attention to the service experience in general, but also to the ability to which the banks were able to justify the recommendations on the basis of asset allocation and the benefits it provides to an investor.

The websites of Nordea and Danskebank resulted being the easiest to access and to find information from. The service accessibility was also better than that of OP on both Nordea and Danske. In the service experience measures, it was extremely difficult to grade the experiences and to compare them to each other. In total, Danskebank and Nordea received the best grades in professionalism and ability to bind the recommendation to the theories known about investing and asset allocation. In OP however, the experiences were more affected by empathy and service agent's ability to link the saving to the dreams and plans of the customers.

All in all, as the study showed, the link between the service personnel and the customer is very important and can never be underestimated, especially when the service in question has a high personal importance to the customer.

Keywords, Investment services, retail banking, customer experience, mystery-shopping

Sanna Szépe

Asiakaskokemuksia sijoitusneuvontapalveluista

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Asiakkailla on tänä päivänä entistä helpompaa vertailla eri palveluntarjoajien tuotteita keskenään, joten asiakkaan kokemus palvelusta ja sen laadusta muuttuvat yhä merkittävämmäksi.

Pankkipalvelut ovat muuttuneet samalla muidenkin palveluyritysten kanssa ja asiakkaiden kysyntä monimutkaisempia neuvontapalveluita kohtaan kasvaa kun yksinkertaisemmat asiat hoituvat itsepalvelukanavien kautta. Sijoituspalvelut ovat yksi tuottoisimmista liiketoiminta-alueista pankkien tuotteista ja on ymmärrettävää, että pankit kiinnittävät enemmän huomiota niihin ja ovat myös valmiita käyttämään resursseja niiden kehittämiseen. Sijoituspalveluiden ja asiakaskokemuksen merkityksen takia, keskittyy opinnäytetyö tutkimaan sijoitusneuvontaprosessia kolmessa Suomen suurimmassa rahalaitoksessa, Danskebankissa, Nordeassa ja Osuuspankissa.

Tutkimus tehtiin mystery-shopping menetelmällä, jossa nuoret aikuiset hakeutuvat sijoitusneuvotteluun aloittaakseen säästämisen ja sijoittamisen suunnitelmallisesti, ilman varsinaista kokemusta sijoittamisesta tai tietämystä markkinoiden toiminnasta. Tutkimus seuraa prosessia alusta loppuun saakka, aiheeseen tutustumiseen ajanvarauksen tekemiseen ja vihdoin palvelutilanteeseen. Koska nuoren aikuisen tiedonhankinta alkaa usein internetistä, on luonnollista että internet-sivujen toimivuutta vertaillaan myös. Mystery-shopping tutkimuksella kartoitettiin asiakaskokemusta yleensä, ja keskityttiin etenkin siihen, kuinka pankkien prosessit pohjautuivat sijoituksen perusteoriaan ja omaisuuslajihajautukseen.

Danskebankin sekä Nordean internet-sivut osoittautuivat parhaaksi käytettävyydeltään, ja yleisen tiedon hankintaan. Palvelun saatavuus oli myös parempi kyseisissä rahalaitoksissa. Palvelukokemusten arvioinnin perusteella oli kuitenkin hankalaa arvostella palvelua ja vertailla niitä keskenään. Kokonaisuudessaan Danskebank and Nordea saivat parhaat arvostukset ammattimaisuudesta sekä kyvystä sitoa suositus yhteen sijoittamisen teorian kanssa, kuten omaisuuslajihajautus. Osuuspankki puolestaan osoitti palvelukokemuksissaan eniten empatiisuutta sekä asiakkaan huomioimista sillä, että asiakkaan unelmat ja suunnitelmat huomioitiin kokonaisuudessaan parhaiten.

Kaiken kaikkiaan tutkimus osoitti sen, että palvelukokemukseen vaikuttaa sisällön lisäksi edelleen asiakaspalveluhenkilöstön sekä asiakkaan välinen yhteys ja tätä ei koskaan tule aliarvioida. Tämä pätee etenkin, kun kyseessä on henkilökohtainen palvelu, jossa käsitellään asiakkaan raha-asioita.

Keywords sijoituspalvelut, vähittäispankkitoiminta, asiakaskokemus, mystery-shopping

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1 Introduction

The banking industry has definitely experienced a strong, rather quick, evolution process in the past five to ten years. As online banking has gained its spotlight in the daily lives of majority of people, the need for traditional banking services has vanished. For the most part people ask for a fraction of day-to-day services and the demand has focused more on complicated advisory services as mortgage, insurances and saving and investment services. Especially the latter has rocketed within just the past 5 years. Because the simplest banking services and self-service channels have become more user-friendly and popular, trading and following different markets have become easier to the customer. However, it is only a fraction of people who are willing to take the responsibility solely in their own hands. As we are constantly becoming wealthier the demand for more complex advisory service has continued to grow. The banks want to be able to provide their customers with quality advisory services with regards to their own products. Information about strategies and recommendations is widely available online, yet only a fraction of people in Finland tend to use services for systematic investing and saving.

Still, today's world enables companies to provide similar products than what their competitors are offering to their customers. This results is the fact that the difference between companies and in this case, banks and investment service companies, comes from something relatively simple: the difference in the customer experience and the quality of service the customer receives. As investment products are often one of the highest profiting business areas in financial institutes it's more than natural that the focus on the service experience from the customers point of view is taken seriously when planning processes to support the sale of these high profit products.

2 The background of the thesis

The strong focus on providing and selling investment products between financial institutes is explained by the tempting profits these products bring. As major banks are all developing their own methods and processes to fill their customers needs, the competition is strong.

The thesis studies the elements on the investments service advice on the three major banks and their retail customers in Finland. The basis to which the customer experience is compared is not only the service agent's friendliness, but also the intangibles and tangibles that the customer receives upon the service situation. These are what determine the service experience. The investment advisory processes of Nordea, Danskebank and Osuuspankki (later OP) are compared after a round of mystery shopping which will map the current situation from

the customer's point of view. Finally, the results are analyzed to determine the current situation and differences the processes have between them and whether the banks are able to bind the theory to which they base their recommendations in a matter that is justified and understandable to the customer seeking help and service.

As even by the law supervised by the Finnish financial supervisory authority, FIVA, the legal aspects that have to be taken into consideration when providing personal service in the form of investment recommendations, there are certain things that the companies have to take in consideration when providing the service (Finanssivalvonta, 16.4.2015) The result is often something less appealing from the customer point of view, especially since for the most part, the theories are more than complicated to some who are not familiar with the function of the financial markets. The challenge thus is, how the idea behind the actual rock solid theory can be brought into the customer interaction. For those who don't understand investing and the markets behind them, it is less likely to be satisfied to the solutions offered if they are looking at the development of their own portfolios as a complete layperson. Because the banks often are recommending asset allocation as the solution and then balanced funds to execute the recommendation, it is important that in addition to buying the balanced fund, the product, the customer understands why the recommendation and to what it is based on. Then, even in the situation of volatile markets and possible losses, the customer is not panicking and more, not dissatisfied to the company that recommended the solution.

2.1 The goal of the thesis

The goal of the thesis is study the manner in which the three banks are able to deliver the background to their recommendations and how the customer experience varies between the case companies. The process of receiving investment advice is studied from the get-go, starting from the very first contact to delivering the recommendation. In the thesis, the actual customer experience is studied by conducting a mystery-shopping round, with a basic everyday case that the customer service officers can be assumed to face on a daily basis. This will hopefully result in some consistency with receiving the recommendations and how the theory of the investments and diversification is delivered to the customer that is expecting service that a layperson can understand.

For this sort of study that tries to understand what happens in the service situation between two people, mystery shopping is the only justified research method by a few reasons. First, the service situation and the customer management in a financial business is rather strict and supervised. Thus, a personal visit has to be made and an investment service agreement needs to be signed. A basic list of assessed details is defined before the meeting with the bank. Also, as service companies are relying on human interaction, the factor-x is always present. It is

impossible to say why some service situations leave a better feeling than others even the customer service agent had been kind and showed signs of empathy. The link between the asset allocation theory and the customer service situation is important, because often the decisions made have an impact to the customer's life and require a long-term commitment and sometimes financial gains or losses. The ability to bind the theory to the service situation and still remain warm while keeping the service situation not too professional are all things that both the company providing the service, as well as the service agent have to balance with. In a longer term, the importance of the recommendation being one from the company and according to its strategies rather than something the service agent personally recommended, receives a higher value.

For a company providing service it is of high importance to first succeed in the service experience to be able to analyze the customer experience and then develop a strategy that supports the experience. This will in longer term provide both customer satisfaction and long-term customer relationship but also profits and the growth of the company. (Schmitt B. 2010, 23)

2.2 Methods used in the thesis

The primary method that was used in the thesis was mystery shopping. In a mystery shopping study, a particular service or a service situation is examined from the customer's point of view without the company knowing about the research (Ojasalo, Moilanen, Ritalahti, 2015). A round of mystery shopping was conducted that studied an experience of a customer seeking similar service from all the case companies. The mystery shopping research was done on several occasions in April 2015, while the participants all have a service experience individually with their personal banks. A short introduction about asset allocation and the basis of the theory in receiving a recommendation was given, but all of the shoppers were laypeople when it comes to the financial markets and theories. The mystery shopper was told to pay attention to natural things such as the feeling the service gave to the customer and the overall experience of the service situation, but also the justification of the recommendation given.

The mystery shopping was conducted with the following details

A recently graduated young adult is seeking advisory on how to make a plan on saving monthly with a few hundred euros. The goal is to save for the future without any specified purpose or period. The customer tells the service agent that they are not familiar with how the investment markets work but as the investment period can be rather long, they expect some profit to their savings. The process and the experience is assessed from the first point of contact.

The aspects that the mystery shoppers were focusing on in detail, were the following things that had to be graded in the scale of 1-10.

- Easiness to book the appointment
- Service accessibility
- Establishing trust and common ground
- Ability to map current situation
- Ability to map plans and dreams
- The professional image of the agent
- Understandability of the recommendation
- Ability to justify the recommendation
- Linking the recommendation to the theory
- Ability to respond to questions and to address concerns
- Ability to create circumstances to make a decision
- Marketing material

3 Customer experience

Today we understand more and more about the importance of customer experience with regards the profits and long-term relationships. From the customer's point of view, every interaction is important. For a company however, to better understand the customer and to meet their needs it is important that attention is paid to the whole end-to-end journey rather than the single points of contact. If this is managed in a successful manner, companies are able to enhance the customer satisfaction and thus receive substantial rewards for it. In the case of a company taking care of customer's financial assets, it's justified to say that in addition to the hard financial gains or losses, the companies are dealing with something much more valuable, the dreams and future plans that the customers have. It is thus important to pay attention to the very key journeys that matter in the interaction between the customer and the company and start enhancing them as the priority. (Harvard Business Review, 2015)

Because all of the customers are different, the variety in the decision making process varies as well. In the investment business and especially when dealing with customers that in particular are relying on the service provider's views and interpretation of the right choices, the fact that people base their decisions on very different things always has an impact on the process. Banks are definitely balancing on the thin line of professional image and the ability to provide just reasons to their recommendations and the human service situations that involve more than a decision of the asset allocation but something greater such as the future and dreams of their customers. These aspects of the service experience, the things that are concrete and sometimes can be touched such as the tangibles and the more personal things, the intangibles both have their role in the final satisfaction that the customer has and how they perceive their trust to their financial service providers.

3.1 The theory of customer experiences

The customer experience in service companies is based on two aspects. The first being the expectations the customers have on the service and the actual experience. Companies that are able to decrease the size of the gap between the two aspects can perform well and receive satisfied customers, and there are many ways to do so. Knowing the customer's expectations is crucial for service companies, because if the expectations differ from the company's perceptions or if the company does not know what their customers are expecting, the needs in the customer experience are more difficult to fulfill. (Zeithaml, V. & Bitner, M. & Gremler, D. 2008 Services Marketing: Integrating Customer Focus Across the Firm)

3.2 The tangibles and intangibles of a service experience

Companies in the business of service are selling their customer products that are not made in a factory and cannot be touched or smelled or tasted in advance. Services are categorized as intangible products, but in the service experience there are still both tangible and intangible matters that impact the resulting service experience. When looking at the process of investment service and customers seeking the service, the process often begins from the self-service channels the companies have built for their customers to use and to seek information from. Today, more and more of the first points of interaction begin from the websites. Despite gaining more responsibility as a channel for the customer to contact the bank, the websites operate as information banks and billboards to advertise the products the banks are focusing on. In addition to the website and the self-service channels, getting in touch with the service provider is crucial. Accessibility is one of the most important aspects nowadays when people are living in more and more hectic world. It is highly important for the company to be able to provide the requested service at the customers terms. (Zeithaml, V. & Bitner, M. & Gremler, D. 2008 Services Marketing: Integrating Customer Focus Across the Firm)

In the analysis of the three banks providing the advisory service for investment, the focus is in the service experience both on the basis on tangible and intangible aspect of the service experience because as a service company, both aspects have to be taken in consideration. In addition to the website and the self-service channels the companies provide for their customers, the marketing material and the brochures play a large role in the tangible aspects. Also, the accessibility to the service can be qualified as one. The more intangible qualities of the service experience include the service agent's ability to build trust. This can definitely be qualified as one of the most important intangible aspects as the banking industry is built on trust, and the decisions customers make within the conversations and based on the advice they receive might have large impacts in their lives and future.

When a banking service is studied, the qualities from the point of view of a service experience are both the concrete gain the customer receives, but also the intangible experience of empathy and kindness from the service agent.

3.3 Customer experience in personal services

Especially in the services that have to do with very personal issues in a human's life, such as banking, the customer experience becomes highlighted and more important than on the services that include less important decisions. In addition to the tangibles such as the products itself and the material and surroundings in which the service is delivered, an intangible element called emotional labour cannot be left unmentioned. Emotional labour is the effort that customer service personnel make in addition to actually performing the service. Emotional labor can include showing empathy, being kind and interested of the customer in order to succeed in making the service experience better for the customer. Many times, the result of emotional labour is what distinguishes the service from being good to being excellent. Also, the contact between two humans, one receiving the service and other delivering, cannot be underestimated and this can be called as the factor-x. (Zeithaml, V. & Bitner, M. & Gremler, D. 2008 Services Marketing: Integrating Customer Focus Across the Firm)

4 Advisory services in investments

For retail customers the banks have definitely made some progress on the proactivity when selling their investment advisory services. Because of the regulations on Finland's investment markets that continued until the 1990's the focus on Finnish households' savings has up to this day been mainly on deposits of different kinds. After the Finnish markets opened globally different products for investing as investment funds have slowly made their way to the portfolios of small investors and households. Investment portfolio consists of everything an investor might have in their possession, e.g. shares, bonds, deposits and the possible combination of estate properties and apartments. For an investor the single most important question is what is the possible profit that can be gained within the portfolio. (Kostiainen 2006, 4). A factor of major interest is also the risk involved. When choosing the right allocation and diversification combined with the exact products and a laypersons understanding the banks are set for a challenge when trying to market their own products in a way that makes everyone satisfied.

4.1 The portfolio theory

There have been many different theories and strategies when it comes to investments and the way one should proceed when building his/her portfolio. However, there have not been more acknowledged one after Harry Markowitz's doctoral thesis studying the risk and expected

return not just in a single security but also within the complete portfolio. With diversifying to different targets within the portfolio, Markowitz found results in the risk factor decreasing, without the expected profit to becoming less.

Harry M. Markowitz born in 1927 (Nobelprize.org 2015) studied the topic when conducting his doctoral thesis at the University of Chicago and it has become the basis to what is now known as the Modern Portfolio Theory. (Yahoo Finance 2015). In 1990's he was awarded the Nobel prize in Economic Sciences for the pioneering work in theory of financial economic. (Nobelprize.org 2015).

Markowitz based his research and studies on the assumption that investors avoid risk in general as thoroughly as possible. Portfolio theory, hence the name, focuses on the risk level not on a single security but within the entire portfolio. The building block of the theory was also the correlation that a single security has with another and how the presence or the lack of it affects the results, the profit gained and the risk factor. (Yahoo Finance 2015)

The diversification on Markowitz's portfolio showed that if the profit of a security increased and that in another decreased the gained profit abolishes the losses from the security with negative profit. Thus, with diversification an investor is able to avoid the plummeting of the portfolio even if one security ends up doing so. This is made possible by the correlation between the securities in the portfolio. By choosing single securities with as low correlation as possible an investor is able to gain the most by the diversification. This all results in a portfolio with as good profit expectation as a single security has but with the complete risk level settling to a lower level than that of a single security. (Knupfer S. & Puttonen V. 2009)

4.2 Investment service process from a customer's point of view

This chapter will shortly present the different options a customer faces when choosing the intermediary bank for their investments but also when deciding in which banks balanced funds.

4.2.1 Investment advice and the theory in use

The results in the pros of diversification fit well with the goals of financial institutes and banks operating in the field of offering investment services and specific products. As it is known, by diversifying the risk can be lowered without having to compromise the profit the banks want to offer for their products. This is mostly carried out in a very proactive way, because the solutions have become more customer-friendly and easy from the laypersons perspective. Taking care of the allocation and diversification by themselves a consumer faces a

strong responsibility and a commitment to actively not only follow but to take care of the needed actions when changes need to be made. Also, many times the reality is different to what it is when research is conducted simply on a theoretical basis. Generally, there are sudden needs for savings, decisions made based on emotions and lack of large equities when beginning to invest.

4.2.2 The cons of diversification

To a person with small equities the diversification can easily become expensive due to high fees with small trade amounts. The more expenses are deducted from the prospective profit the less the final, effective profit will be. The solution offered by banks is mainly different ready-to-use balanced funds. (Nordea 2015). It is of high importance to compare the costs when investing to funds, especially to those active management of investment companies. Firstly, when making the initial investment, the customer has to pay a subscription fee that varies from 0% to more than 1 % of the amount invested. In addition, at redemption there is also a fee of similar level that is reduced of the net value of the investment. When choosing the target for ones savings or investments it is crucial to compare the prices and fees of different funds as it varies a great deal on the market. The investment fund company also charges the investment fund's unit holders a management fee on an annual basis. It's always important to keep in mind that the effective profit consists of the profit itself minus the fees and the present tax rate. In a longer horizon, the consequences of the fees are extremely substantial. (Finanssivalvonta 2015)

5 Households' current investing behavior

A majority of banks retail customers are completely at the level of a layperson when it comes to savings and investments. Even if a customer has some business or financial educational background the products and options are so specific the banks end up with the responsibility of giving personalized advice.

5.1 Giving a recommendation

Most banks in Finland offer their customers a plan or a mapping service of some kind. Usually the purpose is to go over the customers investor profile. Banks certainly have different ways to do this, but mostly it is clarified by asking a lot of questions about the current situation but future plans as well. As it is assumed in portfolio theory the banks base the advice on the assumption that the most important thing is to avoid risk on losing capital. Thus, risk and the amount a customer is willing to bare it have the biggest effect on the products and asset classes recommended. According to Finlands Supervisory Authority, Finanssivalvonta any advisory

services are classified as investment advice that give a personal insight to a customer's situation and/or can concern as well as acquiring a specific product but also selling or just keeping it in the portfolio. (Finanssivalvonta 2015). When banks market their advisory services they mostly have a product name, marketing name for the consultation. Osuuspankki for example advertises their investment and savings service as *mapping your investment image* (Osuuspankki 2014). A less formal name has been picked for Danske Bank as they only advertise their advisory service as *Finding your solution* (DanskeBank 2015). At the moment, when comparing the websites of the three biggest banks in Finland, the website of Nordea Finland has the most attention toward a saving plan. They call their mapping as a *Personal Saving Plan* and in Finnish *SISU, Sinun suunnitelmasi säästämiseen* (Nordea 2015).

5.2 Usage of portfolio theory in the service process

As most customers are not necessarily familiar with the single most well-known manner to invest, shares, it is not too much emphasized as a theory in the background of face-to-face customer meetings. However, all of the proactive advice is based on the recommendation to diversify to different asset classes as they all behave differently in the stormy surroundings of financial markets. Once the banks have mapped the profile of the customer, they are ready to make a suggestion on how the diversification would best profit the customer at a given risk level. The balance with which a portfolio should be built with is all a result of a complete and thorough mapping of the customers plans and preferences. (Nordea 2014) Mostly a customer results with an allocation that percentually gives a recommendation of different asset classes. It is then the activity level that decides whether the actual product is suitable for the customer. The risk levels can easily be calculated by using the basics of the Modern Portfolio Theory and opted for the wanted level of equities for example. (Kostiainen 2006)

5.3 Actively managed funds a solution to diversification

Basically after a long consultation meeting about savings and investments a customer is presented an ideal way to allocate his/her savings between equities and fixed income products with specific numbers. The focus on the promoted products is very often on balanced funds which then give the customer an easy way out from the mandatory active investment market activity. They seldom require attention more than maybe a few times a year. Danske Bank advertises its balanced funds on its website and emphasizes the easiness the funds provide. They also mention that certain exceptions can be made on the diversification and allocation percentages on the basis of their analytics. (Danske Bank 2015). Many times, the customer is left with the option to buy one of these actively managed funds simply because a lack of interest towards something not so clearly understood.

The goal is a situation in which the customer leaves with the understanding that the more equities in the portfolio the more risk and also profit expectation it offers. Some calculations can also be made for the customers understanding as examples. These often base the formulas on the very basics of Modern Portfolio Theory and probability calculations.

5.4 Funds becoming more popular

As more options are available for small investors and savers the demand has grown for investment funds and solutions made ready to the consumer. Solutions offered by the banks are not always welcome to the customer because of the short history of them as a possibility in Finland. Some consumers for whatever reason chose to make investments to funds right when they arrived and experienced feelings of disappointment or betrayal when they did not receive the high profits they expected or ended up getting losses.

Funds came to the Finnish market only in 1988 but kept a low profile for the first ten years. As mentioned before, the growing demand for solutions for the investors and the customer's increasing activity has made funds in general more popular. The relation between customer satisfaction and the understanding of options available is seen in the positive development in the popularity of funds and an investment instrument. This has resulted in the fact that the value of investment funds total in Finland's households has reached the value of 96,7 billion euros in March 2015 (Suomen Pankki, 2015)

For example in Nordea Bank, the value of investments in the Savings Funds is currently about 1,9 billion euros. It is an undeniably a large portion of the total amount of assets invested to the whole market of balanced funds. (Nordea Funds Now 2015).

6 Mystery shopping results

In the following chapter the customer experience and the end-to-end journey to receive investment advice is described, analyzed and compared starting from the first point of contact and finishing to the results and experiences from the process of receiving advisory services. Clearly the process for a customer to pro-actively search for the service, the end-to-end journey follows a very similar process in all of the three case companies. As we are here studying the process and the way the service is perceived in the eyes of a young adult, it is clear that the journey begins from the website of the company. As the banks have their own platforms that also are used as the self-service channels, the information is often spread around on the two platforms. A customer is enforced to access the information from the net bank, because as they are simultaneously logged-in, they are able to open new services and make changes to the existing ones. Below is the process described in short in figure 1.



Figure 1. Investment process

6.1 Website

The properties of the website, which the customers were asked to analyze, were:

1. Overall usage of the website
2. How long did it take to find the right information?
3. Did the website point where to call or what to do?
4. Is there general information about the topic?
5. Could you make a decision based on the website?
6. Is the theory of diversification explained?
7. Does the website function together with the self-service portal?
8. Overall grade

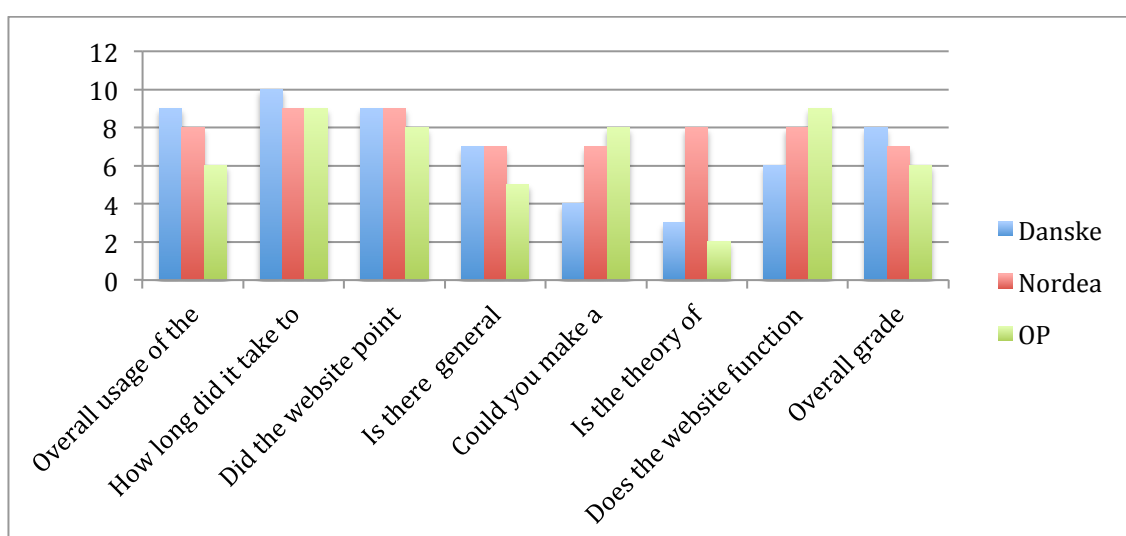


Figure 2. Properties of the websites

The websites were evaluated on the basis of the mystery shopper in question in the basis of finding information. The scale used was from 1 to 10 and the results were relatively close. The results are presented in the following graph. The graph shows the total points each company received, number one being Danskebank, number two Nordea and number three OP. See the results in figure 3 below.

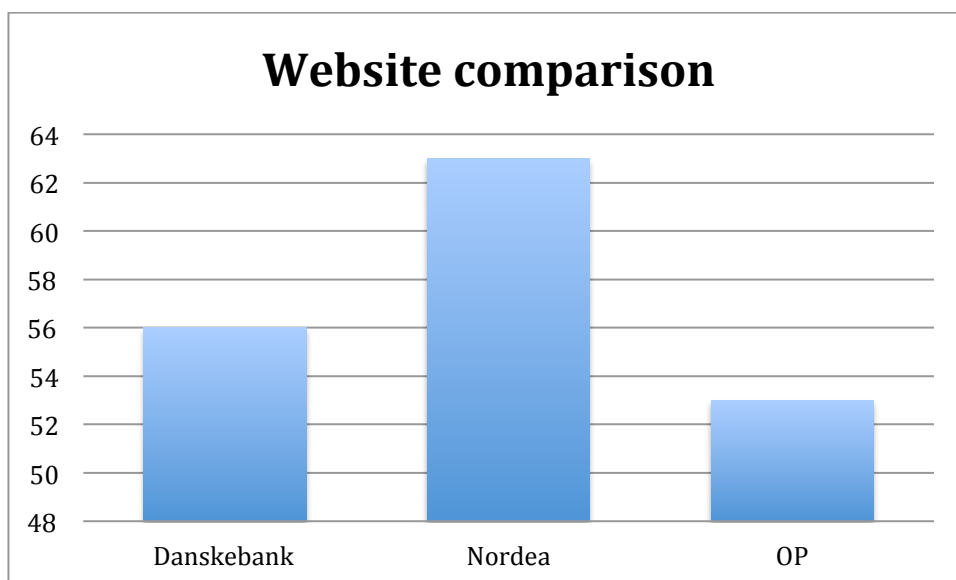


Figure 3. Website comparison

6.2 Danske

Here are the results on the service experience from the mystery-shopping point of view. The process is described in short, as well as the experience perceived by the customer.

6.2.1 Website

The overall usage of the Danskebank website was very good. The color choices are easy for the eyes and the information is spread around the website in a manner that enforces them to be found easily. There is a lot of general information that a customer can familiarize themselves with when making plans and mapping the options a beginning investor or has. Danskebank website also supports the long-term planning that a young adult has when thinking about the options available. The branches of different product and life-event categories are very easy to find and there's a natural flow to new links and information. However, there is little information about the diversification in general and to what extent it plays a role in the investment decisions. Still, on the different risk and investor takes there is short introduction.

A link to buy the product is easily found if the customer would be ready to make the decision right away. Also, the websites usage allows the customer to easily find where to contact to take the next step and receive personalized service. (Danske Savings and Investments 2015)

6.2.2 Accessibility of the service

The website provides an easy step to the next point of contact which is to book an appointment to discuss the matters in a more personalized way. The opening hours are very good and from the point of a young adult that has started their career it is easy to find a time that fits the calendar. Danskebank offered a remote meeting and it felt to be a good solution. Danskebank's remote meeting requires a computer and personal bank codes to access the material. The meeting is however conducted on the phone.

The overall idea of the remote meeting felt natural as the customer in case was experienced to handle business manners and negotiations on a similar manner. The opening hours were rather flexible but could have been a little bit better.

6.2.3 Service experience

The meeting started in the way that it was described when the appointment was made. The service agent was very friendly and seemed eager and helpful. She also felt very professional and familiar with the subject. Because the customer in question did not have very much experience on the subject, the conversation was much conducted from the service agent's part. The conversation focused on the goals and possible risk but did not very well give just reasons on why the recommendation was what it was. The fund itself was presented very thoroughly and the aspects and history were described.

The graphs shown were good and the ability to follow the conversation on the screen while having the discussion was beneficial.

The customer experience was overall good. A proper recommendation was given and an opportunity to make the needed transactions right away. The experience was definitely enhanced by the easiness and effortless mean to receive the service in the times when the customer was at home and relaxed.

The customer received the following recommendation:

Investing every month automatically to Danske Kompassi 50 fund.

The results of the customer's assessment are shown below in figure 4.

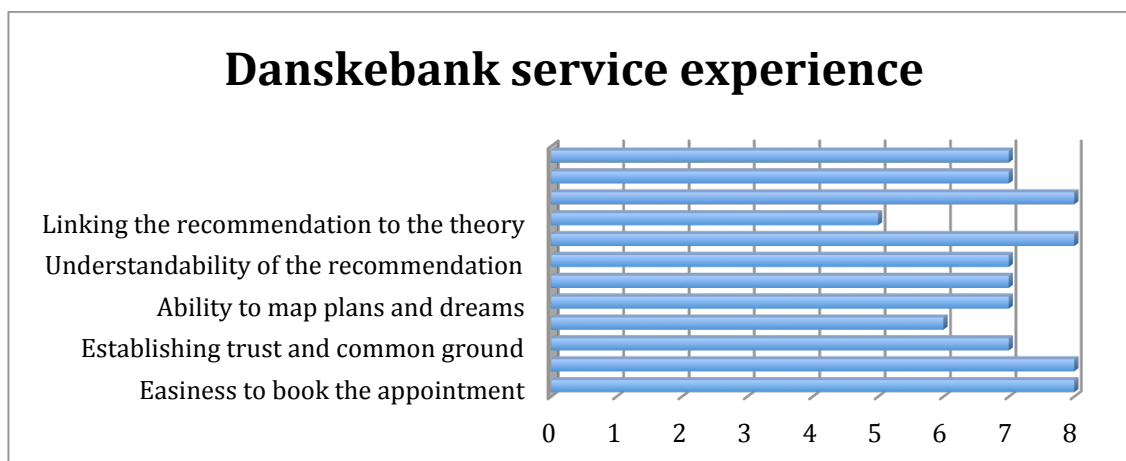


Figure 4. Danskebank service experience

6.3 Nordea

The elements of the customer experience when receiving investment advice in Nordea are described here.

6.3.1 Website

The Nordea bank website had a lot of advertisement on the very first page. However, the basic branches and the services on the website were still easily found and the overall appearance was easy to follow. The graphs and pictures brought liveliness and gave good insight of the many services banks can help their customers with in the different life-events.

The savings website was built on several things and once the customer was able to figure out the way it works and the structure, there was a lot of information. The overall general information that the company provides for its customer is rather extensive and the theory of diversification and asset allocation is easily presented. The website includes information both on the different risks an investor takes and the means to which they can limit it. Nordea's website is also built around to receiving a recommendation or a plan and it is thus easy for the customer to know what the next step should be in receiving a thorough recommendation for investing. In the Nordea website there is also a few interesting, very short videos that can help some customers to perceive the basic ideas behind the world of savings and investments. (Nordea Savings and Investments 2015)

6.3.2 Accessibility of the service

Nordea's customer service was open 24/7 and the booking of the appointment was therefore rather easy. The website had the customer service link visible almost at all of the different

views so no matter what topic was open, the contact information was available. Nordea promoted the personalized plan for saving rather much and the customer knew to ask for one once booking the appointment. The appointment was made as a remote meeting and the means of the remote service were shortly introduced when booking it.

6.3.3 Service experience

As the meeting was a remotely organized meeting, some time was used to introduce the customer to the technical aspects. The service agent gave a good impression on the professional aspect and not much small talk was conducted in the meeting. The advisor was able to show the current state of the financial situation to begin with, despite the fact that there was not really anything to show. A lot of questions on the family situation and current status were made and these were told to have an impact on the final recommendation.

First the goals were mapped and the plans in both the near and the far future were asked about. The advisor asked about the current experience of the customer and the willingness to take part in following the market and the investments. The customer was someone who clearly gave the impression of not wanting to participate because of the lack of interest. The material that was spread on the screen while the conversation was conducted was very visual and it showed the worst-case scenario risk situation very clearly. As the customer was someone who had no experience on the markets, it was very important to address the risk factor and show what kind of results it might have in the future and the value in the savings. A clear investor profile was address and then a recommendation that aimed to define the allocation to which the customer should rely on. For a customer that had no experience from the investment markets, the many new definitions were quite heavy, but the idea was presented well. The service agent did not make any personal comments and little time was spend discussing about the actual fund that was the result in the recommendation. Nordea's recommendation clearly pointed towards the asset allocation but lacked a little bit the personal touch and empathy as well as warmth from the service agent.

A personalized brochure was given to the customer through the banks self-service portal, and it was accessible right after the meeting including some notes of the conversation. For someone that would take the time to read the recommendation it might give some additional value, since the definitions and the language is rather difficult. The visual aspect however, was very well handled and it made the whole recommendation easier to perceive and to understand.

The recommendation that Nordea gave to the customer was to allocate the assets in a manner, which includes 50% of equities and 50% of fixed income products. Only after the allocation it was said, that to best suit the customer's needs was Nordea Savings 50 fund.

The results of the customer's assessment are shown below in figure 5.

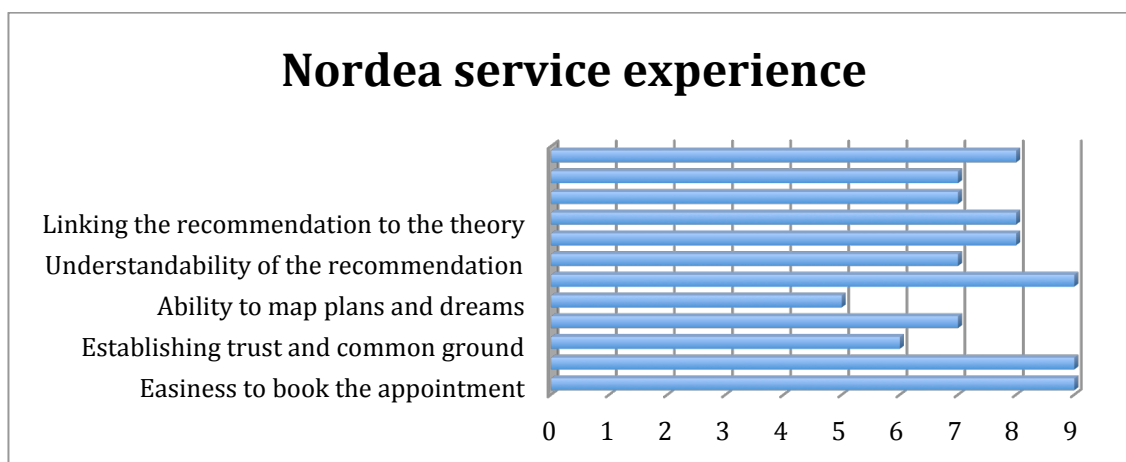


Figure 5. Nordea service experience

6.4 Osuuspankki

Next the experience received from OP is described in the customers point of view.

6.4.1 The website

The OP website is from the first look very different from the two other bank's websites just by the choice of colors and the lack of the same modern image than Danskebank and Nordea. The website was easy to access and the saving and investments part was clearly found. The very first page, just like the one at Nordea provides a basic outlook on all the services but in addition quite a lot of different kinds of advertisements on the company's products and the like.

OP website offered very little general information about the investor's options or the markets and the way in which a beginning investor could start to learn about the options available. Still, a short introduction was given about the possibility to map one's investment image to find out what kind of solutions would best fit their goals. The service and possibly a better explanation to what it means can only be seen with the bank's online banking codes. In general, this is the detail that makes the biggest difference in the OP website to those of Nordea and Danskebank. The customer finding out about options needs to be an existing customer to access all of the information on the website. To those already being customers of the compa-

ny it is not a large issue, those however who are planning to be customers, it might give a slight an unwelcome feeling. (OP, Savings and Investments)

6.4.2 Accessibility of the service

OP bank's customer service was open Mon-Fri from 8 to 6 pm. This was a surprise, especially since the other companies are offering much wider opening hours. Still, OP's website offered the opportunity to book the appointment directly online without having to log in to the net-bank. It was very easy to scroll through the available times and compare the openings between the different offices. However, the appointments were not able to be done post office hours which made the experience a little disappointing to the customer. On the other hand, the customer was able to have a remote meeting or a personal meeting with the same service agent and this felt good, especially if a customer has met with the same advisor before. A remote meeting was booked to meet with an agent and to discuss the savings plans.

6.4.3 Service experience

The remote meeting was conducted with an advisor clearly working in a normal bank branch that also meets customers face-to-face. The advisor called upon the time of the meeting and video was also shared. The service agent succeeded very well in establishing a common ground and to gain a positive feeling upon the meeting. The personal skills that the advisor had were very good and the customer felt warmly welcomed. A long time of the conversation was used to discuss the current situation and possible future plans of the customer. Also, questions about possible plans on buying a home instead of renting were discussed as the customer was a young adult and recently started working permanently and full-time.

The discussion mapped the goals of the customer and thus a recommendation according to which the customer is advised to start saving on. The definite positive aspects of the discussion were those that had nothing to do with the actual products or cold values in a person's life. The advisor was able to map the person's plans and expectations and the bind those to the recommendation given. The customer had the feeling that since so much was discussed, the service agent must have a good idea what product will fit the customer best.

The recommendation that was offered was OP Maltillinen which also describes the profile of the customer. The profile was mapped within the conversation without the customer specifically realizing it was mapped.

The results of the customer's assessment are shown below in figure 6.

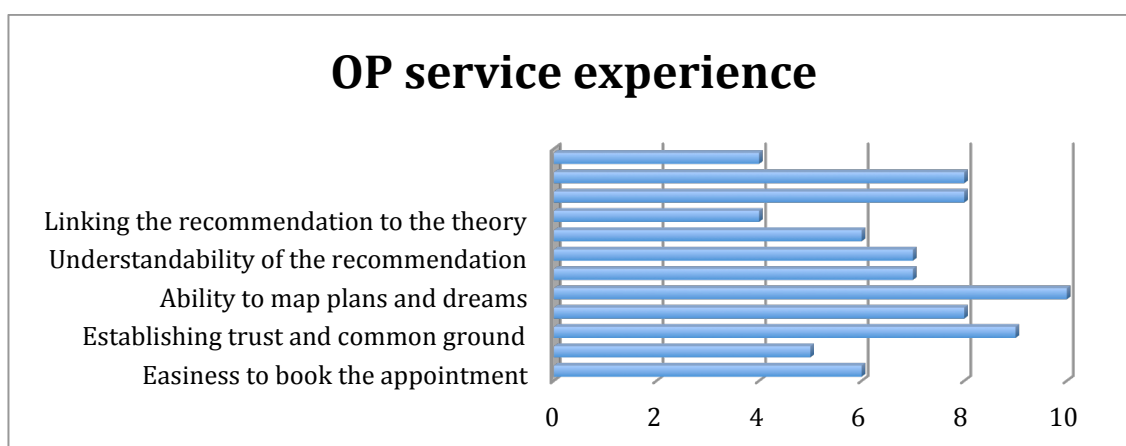


Figure 6. OP service experience

6.5 Comparison of the results

It is clear that the companies all presented different kinds of strengths in the mystery shopping round. The website and the first impressions of both Nordea and Danskebank were better than that of OP. Because the service in question has to do with a lot more than just cold facts and theories and depending on the customer, the trust that is born within the customer and service agent interaction is very crucial, it is hard to provide a numeric order for the three companies or to determine whether one experience was better than another.

The mystery shoppers were given 100 points to divide between three aspects of their service experience, professionalism which represents the ability to justify the recommendation to the theories of investing and asset allocation in detail. Second, empathy and trust and third website. The following graph, figure 7, will demonstrate how the customers divide their points with the three options.

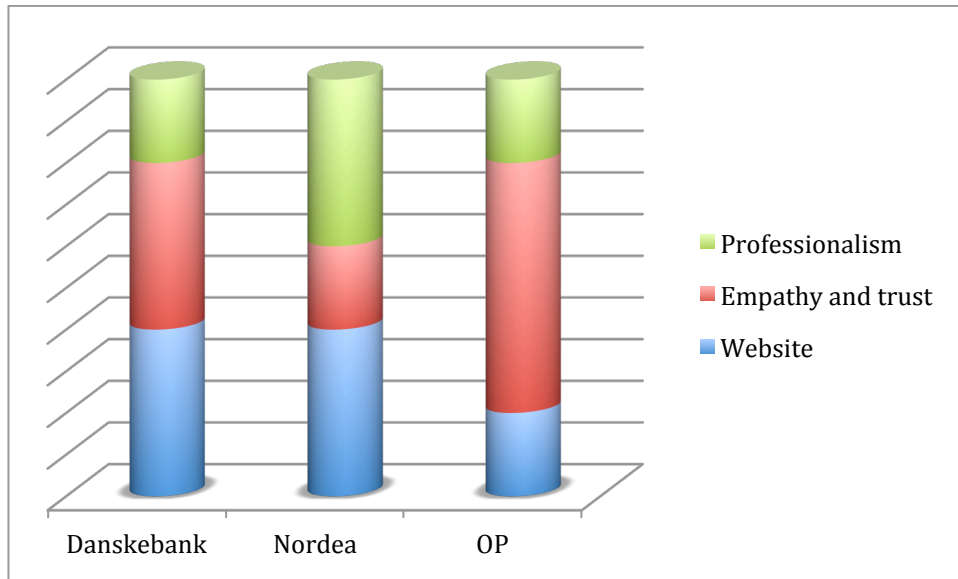


Figure 7. Comparison of strengths

Figure 7 gives an insight to what rose as the main focus and points of strength for each of the companies compared. From the results, OP clearly rises as the most customer oriented service provider while Nordea and Danskebank have relatively evenly spread results.

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Danskebank

| | |
|---|---|
| Easiness to book the appointment | 8 |
| Service accessibility | 8 |
| Establishing trust and common ground | 7 |
| Ability to map current situation | 6 |
| Ability to map plans and dreams | 7 |
| The professional image of the agent | 7 |
| Understandability of the recommendation | 7 |
| Ability to justify the recommendation | 8 |
| Linking the recommendation to the theory | 5 |
| Ability to respond to questions and to address concerns | 8 |
| Ability to create circumstances to make a decision | 7 |
| Marketing material | 7 |

Nordea

| | |
|---|---|
| Easiness to book the appointment | 9 |
| Service accessibility | 9 |
| Establishing trust and common ground | 6 |
| Ability to map current situation | 7 |
| Ability to map plans and dreams | 5 |
| The professional image of the agent | 9 |
| Understandability of the recommendation | 7 |
| Ability to justify the recommendation | 8 |
| Linking the recommendation to the theory | 8 |
| Ability to respond to questions and to address concerns | 7 |
| Ability to create circumstances to make a decision | 7 |
| Marketing material | 8 |

OP

| | |
|----------------------------------|---|
| Easiness to book the appointment | 6 |
| Service accessibility | 5 |

| | |
|---|----|
| Establishing trust and common ground | 9 |
| Ability to map current situation | 8 |
| Ability to map plans and dreams | 10 |
| The professional image of the agent | 7 |
| Understandability of the recommendation | 7 |
| Ability to justify the recommendation | 6 |
| Linking the recommendation to the theory | 4 |
| Ability to respond to questions and to address concerns | 8 |
| Ability to create circumstances to make a decision | 8 |
| Marketing material | 4 |

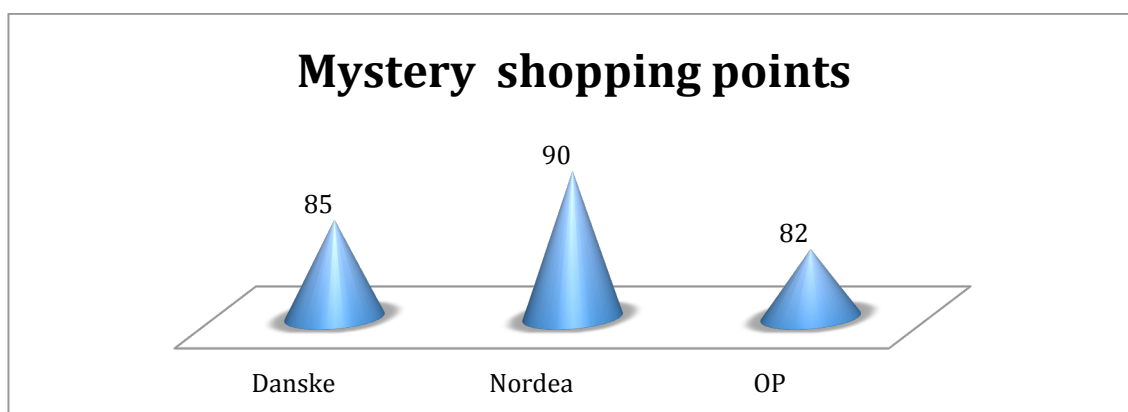


Figure 8. Mystery shopping points

The grading system has its cons when assessing a service experience. Some things in the service experience are impossible to grade and the aspects tend to be the most important ones that result in the difference of a good experience and a wow-experience. All of the mystery shoppers were satisfied with their own banks abilities to provide the service, and reported to have learned a lot about investing and saving. They all felt good about the choices they ended up making regarding their own households financial decisions. One bank cannot be reported to be the best of worst because the experiences were so different.

When the market has a lot of options and the more complicated the products evolve, the customer is more and more dependent on the service agents and their professional talents. Customers that are making decisions about their future need assurance and the feeling that they can trust to the person that is giving them recommendations. Over time, credibility is what counts and once the customers are feeling more and more assured, the trust factor grows. (McKenna 1991, 86)

7 Conclusions

The thesis aimed to study how the three largest banks in Finland succeeded to provide their customers with good service experiences in investment advisory services. The main focus was to find out whether the banks together with their personnel were able to link the theory of investment and asset allocation to the meetings where customers were complete laypersons as mystery shoppers. The mystery shoppers all visited their personal banks and requested the same service all around. The goal was to receive both a customer experience and tailored recommendation for personal investing plans.

As the results of the mystery-shopping round suggest, for a service selling company, the most important aspect is the factory that provides the service, and the particular machines in it, the people delivering the service. Even a rather strict process, such as investment service and advice can be made in many ways. The thesis was aiming to find out about the processes of the three major banks in Finland providing investment advisory services to customers of all kind, and in the thesis in particular, customers who are expecting easiness and are willing to trust the professionals.

It is interesting, that despite the fact that more or less all the banks base their investment advice on the asset allocation that is a result of the findings in the modern portfolio theory, the way in which the theory is linked to the service situation differs a great deal. When looking at the recommendation from Nordea, the theory is very much present, but the service situation lacks a common ground and empathy that OP was able to deliver. Then again, Op's recommendation was not as systematic, but still resulted in the same asset allocation suggestion. The customer felt that they were heard and that the service situation was warm and that the agent showed traits of empathy. It cannot be highlighted enough, that it is humans both giving and receiving the service. The difference in the personalities, traits and characteristics also steer the qualities we value and those we pay less attention to.

For further research it would be interesting to map both the long and short term results on the investment advice given and the understanding and satisfaction customers had when they for any reason decided to cash in their investments and they ended up being on the negative side. Does it matter then, if the theory behind the recommendation was justified and the reasons were explained? Like in any service company, the effect of the personal touch and chemistry cannot be underestimated. Trust and personal feeling can never stand in the shadow of the core theories no matter how professional the person appears. The combination of a well designed process helps the companies to deliver quality service that fulfills the needs the law and different regulations are setting, but is the explanation of the theory in a large role for

the customers that are clearly announcing themselves to be a layperson when it comes to investing?

As the illustration below sums up, there are many things to take in consideration when comparing the companies. The mutual effect and simply the chemistry in the service situations are factors that cannot be taken too lightly and the sum of the three aspects is greater than their parts solely.

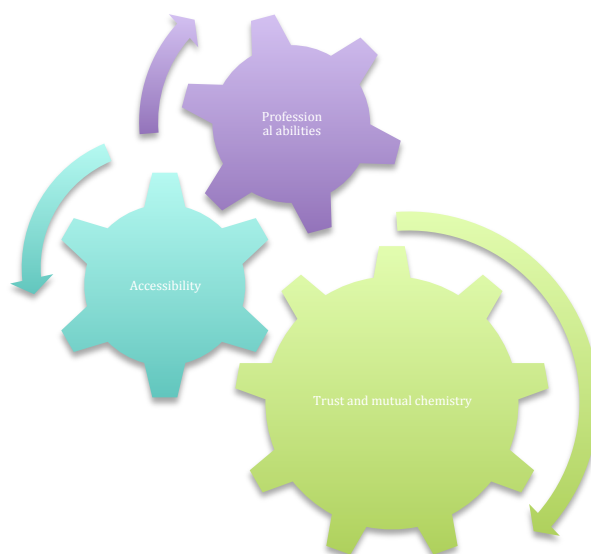


Figure 9. Illustration of effective aspects

The mapping of the service process of investment advisory services clearly is based on many other qualities besides just the professionalism and the justified colder values that are involved in the process. In the important decisions of their lives the mystery shopper - customers valued many other things as greater than the usage of the investment theories in the background. The companies that are able to balance between the thin line of justified investment advice and empathy as well as kind customer service can be seen to succeed in the longer term. The study also concludes the assumption of the importance of the service agents as something that has to be valued nevertheless the internet and other service channels.

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