



Customer centricity is the ability of people in an organization to understand customers' situations, perceptions, and expectations. Customer centricity demands that the customer is the focal point of all decisions related to delivering products, services and experiences to create customer satisfaction, loyalty and advocacy. ([Gartner](#))

Customer centricity includes a range of skills:

- AI skills
- Digital literacy
- Data analytics
- User experience
- Empathy
- Relationship management
- Communication skills
- Problem solving

Why do we need to build these skills?

Regulatory Compliance:

- Regulations and standards focused on customer experience, including the Consumer Duty Rules (July 2023), mean financial institutions must improve their customer offerings to remain compliant and avoid penalties.

Risk Management:

- Understanding customer needs and expectations can help financial institutions better manage risks associated with customer dissatisfaction.

Competitive Advantage:

- Fintech has increased demand for personalised and seamless customer interactions. Having a workforce proficient in customer-centric skills can provide a competitive edge through enhanced customer offerings.

Customer sophistication:

- With the rise of digital technologies, customer expectations are evolving. Institutions need to equip their workforce with skills such as AI, data analytics, and digital experience to meet these changing expectations.

Enhanced Communication:

- Empathy and communication skills are key to understanding and addressing evolving customer needs and expectations. They help in building trust and fostering long-term relationships with customers.

Growth and productivity:

- The adoption of AI in customer service will yield economic benefits across the entire customer lifecycle, improving productivity, reducing costs and increasing revenue.

Key facts:



UK customer experience is declining, **falling 3.8%** between 2023 and 2024 (1)



Organisations that excel their customer service can achieve **75% better margins** (2)



67% of businesses experienced at least one underperforming transformation in the past five years. Lack of customer centricity is one reason. (3)



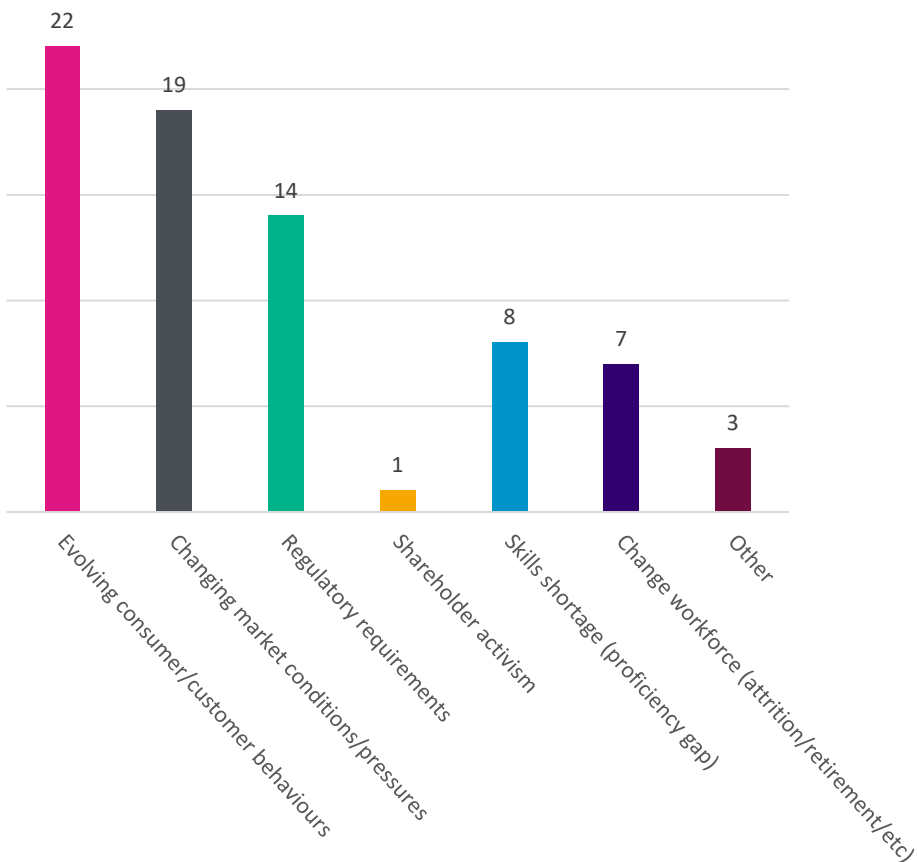
Customer loyalty to insurers increases when firms deliver on their ethics and wellbeing values. (4)



Customer centricity

What do financial services firms say is driving demand for capability?

(2024 FSSC survey of firms using the future skills framework. 24 total responses)



Why customer centricity skills are important:

- With the rise of digital banking and fintech, customers expect seamless, personalised and efficient services. Banks that focus on customer centricity can better understand and meet these expectations, leading to higher satisfaction and loyalty. (5)
- Firms need to place customer insight at the heart of product design and customer communications, and identify where different customer groups are not achieving good outcomes. Ideally, the more firms learn to view things from the perspective of their customers, the more opportunities they will find to deliver more value. (6)

What do organisations need to do in preparation for growing demand for customer centricity skills:

- Organisations need to foster a culture where all employees, regardless of their role, understand the importance of customer centricity. This can be achieved through training, rewarding customer-centric behaviours, and ensuring that customer focus is a core part of the organisation's values. (7)
- Invest in technology and implement advanced technologies like AI to enhance customer experience through personalised and efficient services. (8)

Sources and further reading

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(4) Bain & Co, [Customer loyalty in insurance: 2023 edition](https://www.bain.com/insights/customer-loyalty-in-insurance-2023-edition)

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(5, 7) EY, Five ways to commit to customer centricity in banking transformation: [Customer centricity in banking transformation | EY - US](https://www.ey.com/en-us/industry/banking/customer-centricity-in-banking-transformation)

(6) EY, Consumer Duty: [Consumer Duty: five steps to drive implementation | EY UK](https://www.ey.com/en-uk/industry/consumer-duty-five-steps-to-drive-implementation)

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California Management [What is Customer-Centricity, and Why Does It Matter? | California Management Review](https://www.californiamanagement.com/insights/what-is-customer-centricity-and-why-does-it-matter/)