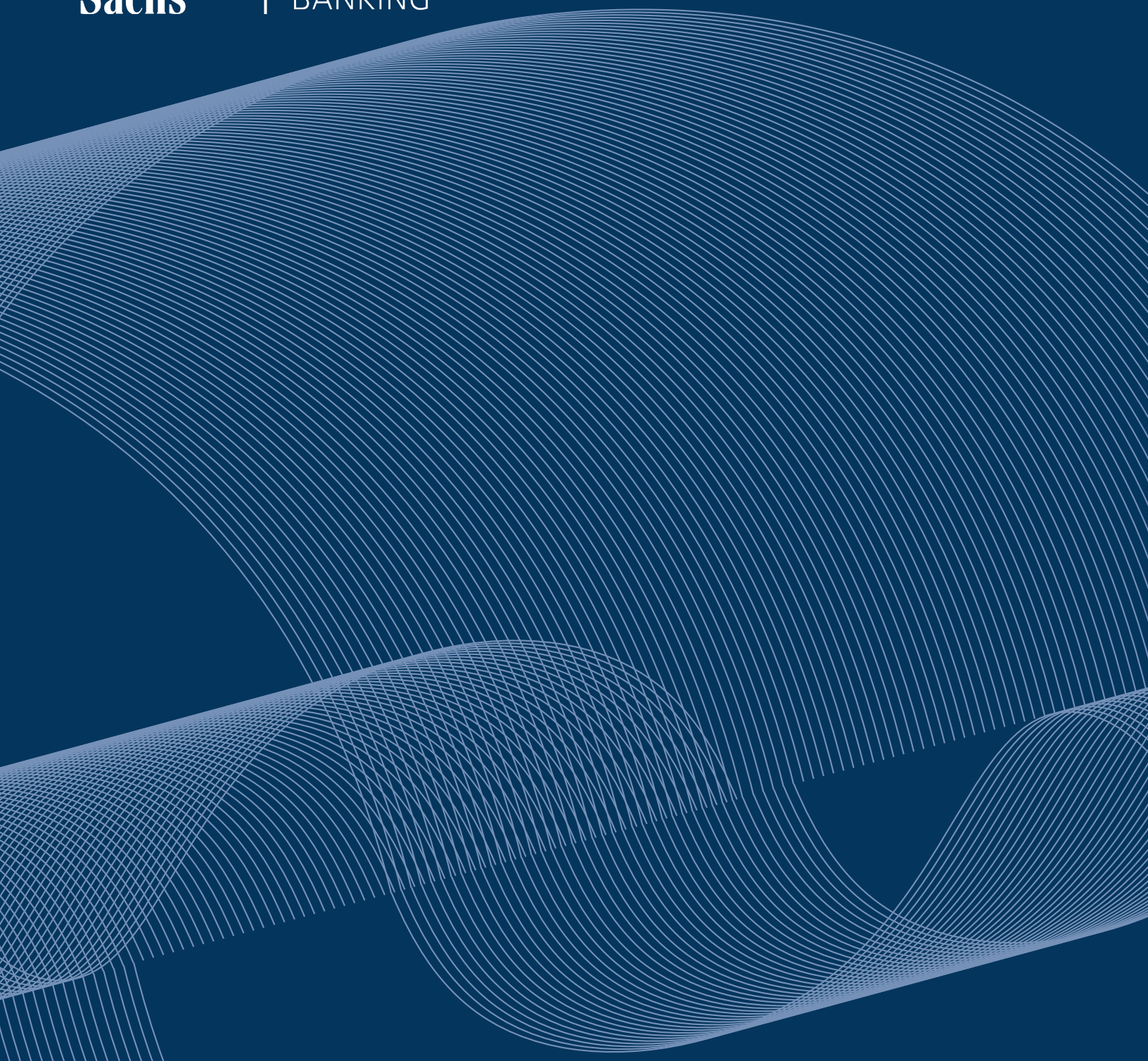
Goldman Sachs | TRANSACTION BANKING



Old Meets New: Human-Centered Design and Transaction Banking

Introduction

It would be a challenge to find a company or service provider that didn't insist its top priority and prevailing focus is its clients or customers. But, too often, that assertion rings hollow.

At some companies, input from end-users never reaches the decision-makers. At others, customer satisfaction metrics aren't aligned with key performance indicators and budgets. Call it an "experience disconnect"—numerous surveys reveal that it's rampant throughout many sectors and companies. In one survey of 15,000 people, almost two of three U.S. respondents said that companies have lost touch with the human element of customer experience.[1]

While companies are falling short of this commonly cited goal, there's little debate about the importance of customer experience, and that enhancing it creates brand integrity and increased trust—both of which lead to more spending and higher retention. Bank customers, for instance, are seven times more likely to boost deposits and twice as likely to open an account if the institution gets a customer-satisfaction score of nine or 10 out of 10, according to McKinsey & Co. Pay TV customers are no different: Those who rate their provider as excellent tend to stick with their service twice as long as customers do with a lower-rated competitor.[2]

Beyond establishing brand integrity and trust, a good customer experience can boost productivity, reducing inefficiencies in processes and cycle times, a benefit to both providers and end-users.[3] And, of critical significance in business-to-business relationships, a strong design and customer experience will better position the end-user to meet their specific needs. Such can be the case with corporate treasurers.

"The corporate treasurer's needs are evolving and banks must design products based on the clients' process and needs rather than the bank merely digitizing its own operational process and selling that as a 'product,'" says Chad Wallace, Global Head of Digital Product and Design at Goldman Sachs Transaction Banking. ■

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Global Head of Digital Product and Design,
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Putting People First

Human-centered design—placing people, specifically end-users, at the center of all processes and exploring and creating solutions for them—has put within reach the ability to create an excellent customer experience that delivers a range of loyalties and benefits.

Many companies have elevated design and customer experience to a level of importance matching, if not exceeding, that of the product or service itself. Such is the case with numerous startups that have been able to wrest significant market share from incumbents in deep-rooted businesses—from eyeglasses to mattresses to mobile investing. These newcomers all have heightened the customer experience and emerged in recent years as formidable competitors in their space.

Established organizations, by contrast, often lag in integrating human-centered design into their legacy platforms. Some give it lip service if they use it at all. In part, this is because older institutions often are saddled with bulky, entrenched systems and processes that have become calcified, making it harder to adapt to new needs.

Commercial banks traditionally have focused on customer experience as an afterthought, delivering features as bolt-ons for beautifying the product. As a result, they deliver solutions that might be functionally adequate but aren't very effective nor are they easy to learn or use. Typography, layout and graphics—all key elements of visual design—play an important role in the overall impact a digital experience has on users. But if they are not carefully considered and deployed, they can easily detract from the product instead of enhancing it.

When we set out to create a transaction banking platform, we resolved to emulate design-driven companies and used human-centered design as the foundation for building our platform. We eschewed conventional practices of relying on assumptions and perceptions and involved the end-user from the very beginning—considering their entire "journey" or every single aspect of the end-user experience—to understand their needs and preferences. And we kept on going back to the end-users as we refined the platform, placing them at the center of the digital design process, making them a primary touchstone throughout the development of our service. ■

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The Merits of Predictive Modeling

How do businesses approach customer experience? Some plod ahead and await responses before making adjustments. Others, being more proactive, ask the customer or end-user what they want and then deliver that product or service.

Steve Jobs had a completely different notion. "You can't just ask customers what they want and then try to give that to them," Jobs said. "By the time you get it built, they'll want something new."[4] Rather, Jobs said his goal was to problem solve: "Our job is to figure out what they're going to want before they do."[5]

At its core, human-centered design works to that Jobs-ian goal: It solves for problems customers don't know they have. It deploys user experiences to inform the very product or service being built.

Mapping user journeys and developing customer personas are two examples. Both tools enable organizations to better understand their customers and the problems that need solving. Human-centered design defines the right problem before jumping into brainstorm solutions. Even a solution that's exceptionally creative, on budget and on time is meaningless if it misses the central issue—so it's essential to take the time to identify what the problem is at the outset. From there, teams can work on solutions and develop prototypes for customer testing.

One of the distinguishing features of human-centered design is the value it places on identifying pain points that produce bottlenecks. Once these are known, product designers can build features to directly address (or circumvent) the issues in order to improve the customer and user experiences. This design approach requires solid customer insights gathered firsthand by observing and—more important—understanding the underlying needs of potential users in their own environments. But it's more than a listening tour (though that is often the first step). It's also observing end-user behavior to understand what they need or want and why they might embrace a new product, process or service.

In sum, it's less about *what* customers want than *why* they want it. Once the "why" is understood, the design of the product can begin. ■

"Our job is to figure out what they're going to want before they do."

—Steve Jobs

HCD in TxB

We built our transaction banking platform from scratch, launching the service in 2020. While eager to launch the product, we took the time and made the investment to embrace human-centered design from the start, on the belief that it would lead us to create better products that solve real-world problems for our clients. We interviewed treasurers and security administrators. We watched them work. We listened to what they liked and what they didn't. We found out what worked and what their pain points were.

Sometimes the solution to an issue was fairly straightforward. We wanted to avoid, for example, a user skimming over the details of something as important as a payment. So we purposefully placed the payment button at the bottom of the page, ensuring that the user would see everything from top to bottom, rather than simply being able to click on the button placed at the top without having seen all of the explanatory information.

Another quick and elegant fix involved wire transfers. Our product managers recognized that an important issue involved the timeliness of a transaction and the importance of adhering to schedules mandated by the Federal Reserve. So we created a prominent countdown clock to remind users of the time-sensitive nature of the transaction and ensure that it is completed within the required window.

There were other findings we gleaned from sitting with our customers, observing their behavior and identifying sources of friction. These include:

- **Organizing and Grouping:** Often, platforms have different notions from end-users in terms of how data should be prioritized. While there are certain regulatory and compliance needs that must be addressed in the platform, there's the ability to highlight certain metrics and data, and make them more readily available than having to click through a number of pages and steps to get to the pertinent information.

- **Language:** Financial terms can be intimidating. Anyone who has recently closed on or refinanced a mortgage or has filed their own taxes knows this all too well. Even those in the industry can get flummoxed by jargon, terms and abbreviations coming at us all at once. We were able to write our systems in the language that treasurers and staffers actually use.

- **Consistency:** Terminology isn't uniform across different providers. A procedure at one bank may be called something else at another one. We noticed how this created issues, so we strived to break down barriers with uniform terms.

Further, we internalized the human-centered design process. We designed our own operations teams based on the insights we gathered. The facilitators who will tend to customer and client demands are grouped appropriately so they have the best tools and processes to meet their needs as well as those of our clients. Increased productivity on our end translates into more efficient and cost-effective client service. ■

'Reinventing the Whole Thing'

Venture capitalist Marc Andreessen once said of banking, "We can reinvent the whole thing."[6] While we could argue that might be an exaggeration, we decided to create a transaction banking platform based on the needs and experience of the users of the system, a break from the traditional way transaction banking platforms have been created and updated.

Often we'd hear that a process was done because "this is the way it is" or "it's just like this." In each of those instances we asked why and strived to make even incremental changes to smooth the smallest of processes that might cause friction.

The human-centered-design approach requires that customer insights be gathered firsthand by observing and understanding the underlying needs of users in their own environments. While this seems fundamental to us, McKinsey found that only around 50 percent of the companies surveyed conducted user research before generating their first design ideas or specifications.[7] This needs to be done not only at the onset but also on an ongoing basis. Usability testing is key to agile product development. Prototypes need to be tested and data gathered from treasurers and other users. The feedback drives the experience and the design.

The default for many in the industry is to start designing and building as soon as possible. For us, we invested the time and resources at the onset to build a transaction banking platform that incorporated human-centered design into every single aspect of the experience. It might seem less revolutionary and more evolutionary, but for many in the industry, it's tantamount to wholesale reinvention. Call it what you will. For us, it's the preferred way to go. ■

[1]*Experience is everything: Here's how to get it right*, PwC, 2018. | [2]Shital Chheda, Ewan Duncan, and Stefan Roggenhofer, "Putting customer experience at the heart of next-generation operating models," McKinsey Digital, 03/17/2017. | [3]Bharat Poddar, Yogesh Mishra, and Anandapadmanabhan Ramabhadran, *Transform Customer Journeys at Scale—and Transform Your Business*, Boston Consulting Group, 2019. | [4]"10 Steve Jobs Quotes Every Business Owner Needs to Hear," U.S. Chamber of Commerce. | [5]Goodreads. | [6]"Andreessen on Finance: 'We Can Reinvent the Entire Thing,'" *Bloomberg Markets*, 10/07/2104. | [7]*The business value of design*, McKinsey Quarterly, 10/25/2018.

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