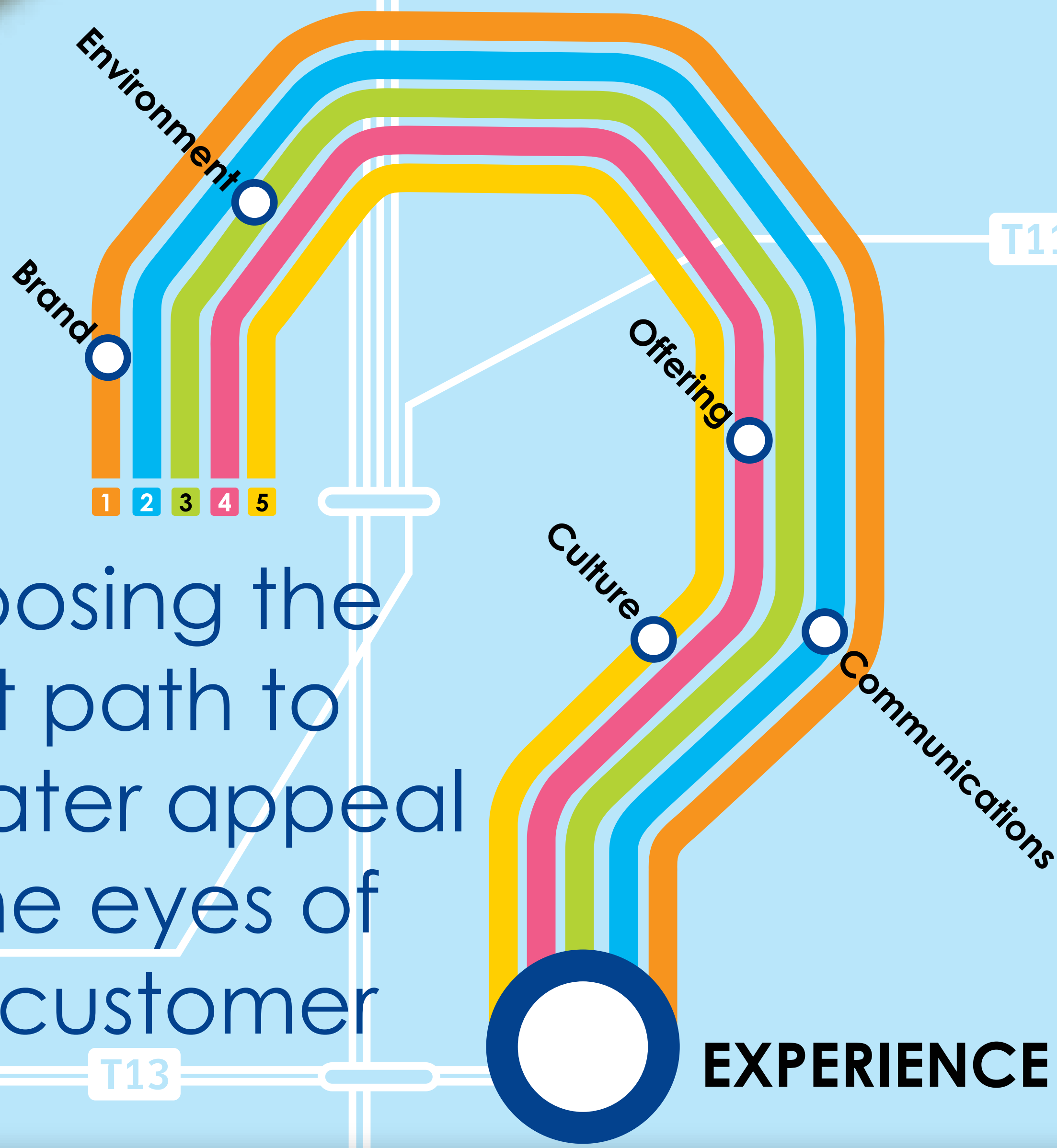
CEI 2012

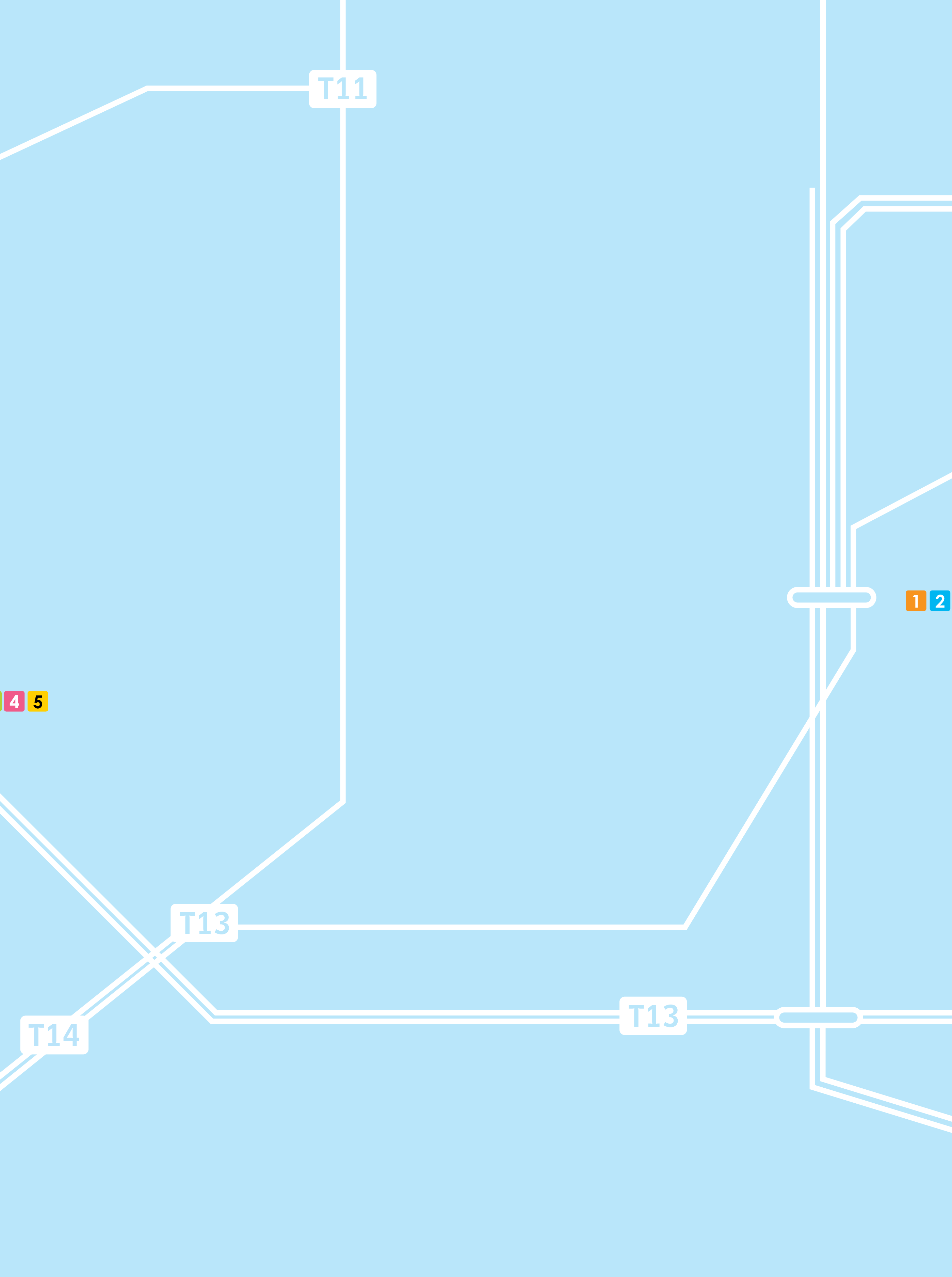
Customer Experience Index

senteo

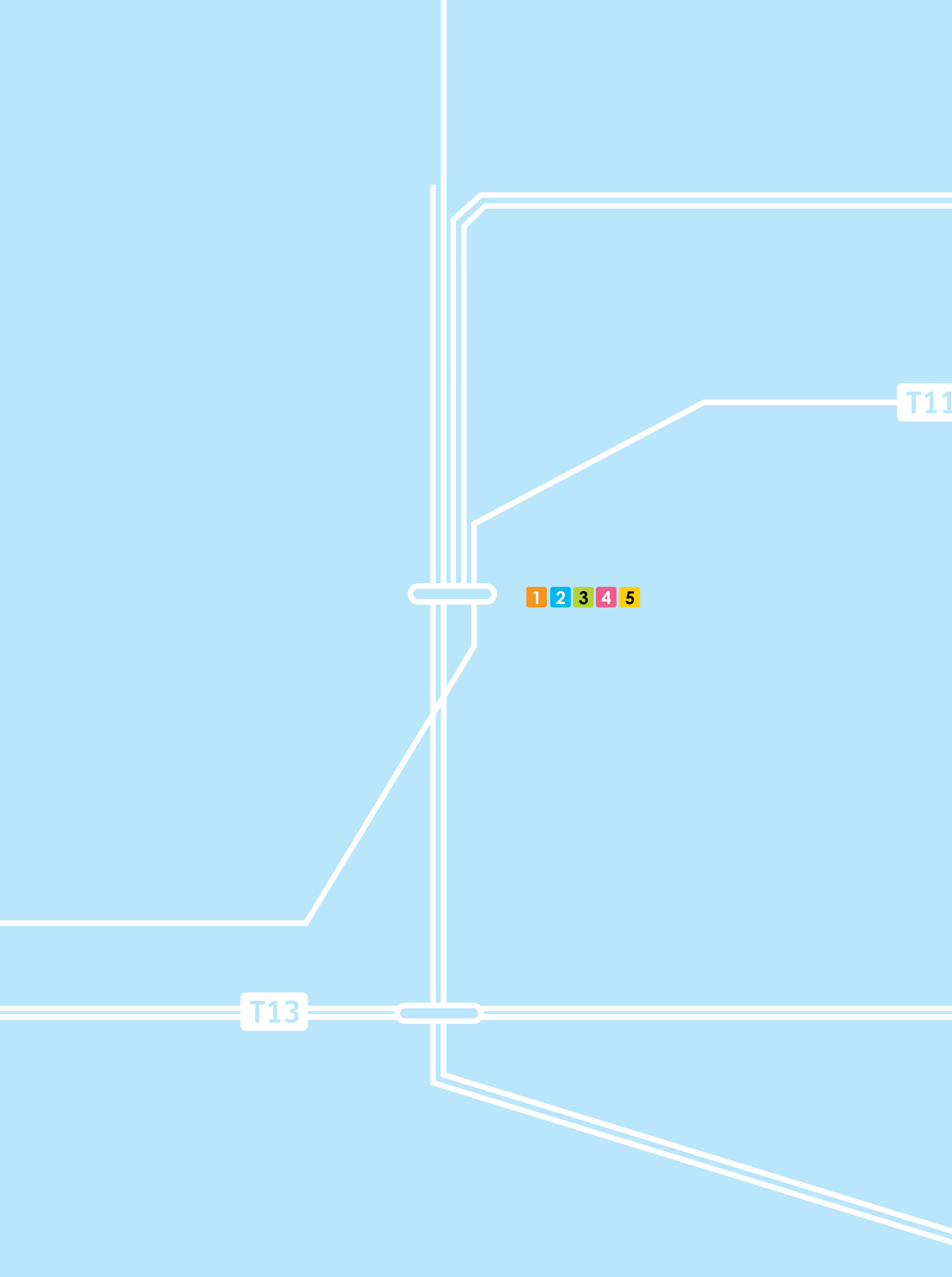
www.senteo.net



Choosing the right path to greater appeal in the eyes of the customer


T11
1
2
4
5
T13
T13
T14

CONTENTS


1
2
3
4
5
T13

For the fifth straight year, Senteo has conducted a market study of retail banks in Russia to rate how appealing banks are to their customers based on five key elements that make up the Senteo Customer Experience Methodology. Since 2007, the Customer Experience Index (CEI) has helped to elevate the awareness and recognition of the term "customer experience" among retail banking executives, and many bankers have thanked us for the insight and value they have received from our study. For some banks, their scores in our index have even become key performance indicators for the teams managing their retail businesses. This careful consideration of the customer represents a significant change from the mentality of retail bankers I met when I first moved to Russia in 2001.

Today's retail banking market is undeniably different, and even with continued pressure, both from internal sources and external (e.g. the European financial crisis), the development continues. Russian bankers have recognized that the Russian customer has continuously and steadily gained more influence. The choices that consumers make about their financial services providers continue to require more effort from retail banks in order to acquire, retain, and grow customer relationships. With this in mind, most Russian bankers today are worried not only about how to attract new customers, but also how to keep them. This indicates an important evolutionary change in the Russian retail banking market and illustrates a new focus on building relationships with customers and, ultimately, loyalty.

> “ Since 2007, the Customer Experience Index (CEI) has helped to elevate the awareness and recognition of the term "customer experience"

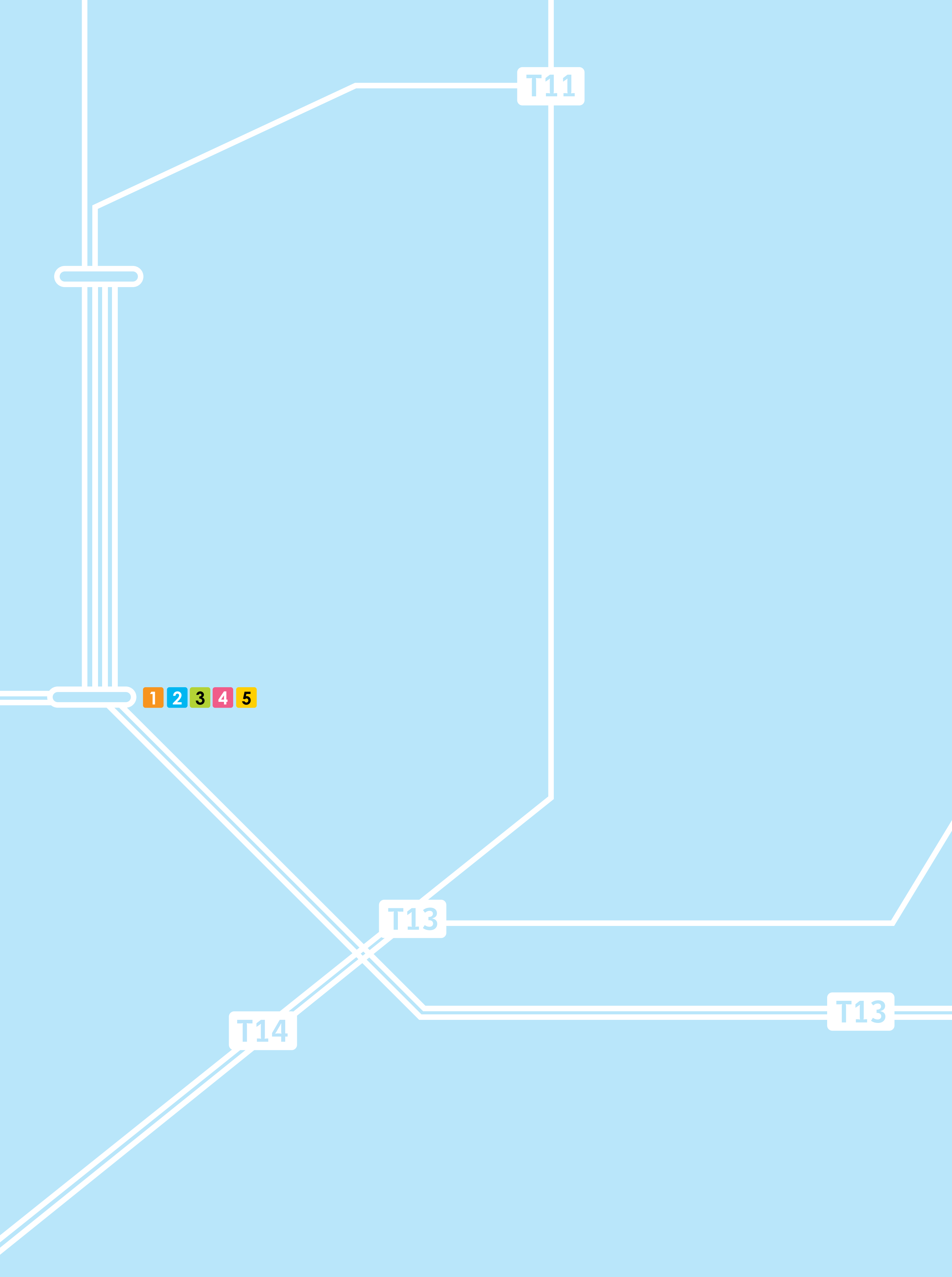
While the CEI was designed mainly to measure a bank's appeal to potential customers, we have included some additional measures in this year's study to recognize this transition. As well, in the near future, we will launch new research components to illustrate the strength of Russian consumers' relationships with their banks and the overall effects on the banks' financial performance.

As a result, we have placed more focus on the quality of commentary and depth of analysis in this five-year anniversary CEI study. With the data that we have collected over the past five years, we are able to make several interesting conclusions and identify trends in the market or even within individual banks in the market. We are able to see the results of those banks that are striving to improve and the lack of results for those banks that have not made a concerted effort to become customer-centric.

In past versions of the study, Senteo outsourced the mystery shopping portion of the study to other consultancies, such as PwC and KPMG. This year, however, we chose to make the investment of using our own consultants to do the mystery shopping to maintain tighter quality standards and guarantee the accuracy of the mystery shopping scores. As well, this year we have chosen to expand the report with various articles outlining key developments and trends along with our forecasts for the future development of the Russian Retail Banking Market.

We are sure that this year's Customer Experience Index report will be both interesting and insightful. Please enjoy.

Michael Ruckman,
Founder and President, Senteo, Inc.


T11
1
2
3
4
5
T13
T14
T13

As I write in "Beyond 'Products & Services' in Banking," my full article for this publication, we are shifting the world to an Experience Economy where goods and services everywhere are being commoditized – and no more so than in financial services. What banks must do therefore is stage financial experiences atop their unexciting services.

Few companies understand that better than Senteo and few people better than its CEO, Michael Ruckman. I first met Michael at the BAI Retail Delivery Conference almost a decade ago. I introduced him to the benefits of the Experience Economy, while he introduced me to the joys of hookah and to the work he and Senteo were already doing to design and implement wonderful banking experiences.

I got to know Michael further as he became Certified Experience Economy Expert #012 out of now hundreds of such Certified Experts around the world, and I learned even more about Senteo's many fruitful experience projects and design methodology. No company has better taken the concepts that I have written about in The Experience Economy and my other books and applied them to the banking industry. The results of its many clients demonstrate how they have successfully designed, implemented, measured, and now manage compelling financial experiences.

"No company *[other than Senteo]* has better taken the concepts that I have written about in *The Experience Economy* and my other books and applied them to the banking industry.

I have also followed Senteo's work on the Consumer Experience Index (CEI – although, I might personally prefer "CXI" as a better acronym) over the past five years. This index provides a clear reading of how potential consumers view their experiences with banks – something that you ignore at your peril. The CEI's focus on banking customers' experiences and its standardized methodology enable you to compare yourself to your peers in a way you cannot get anywhere else.

This year's CEI adds even more value to what Senteo has provided in the past, with its added content, analysis, and opinion pieces, all geared to helping banks understand the research itself and to expand their view of their relationships with customers. These great new additions will further help you realize what the results mean for the development of banking in general as it shifts further into the Experience Economy, and what it means for your bank in particular.

B. Joseph Pine II,
Co-Founder, Strategic Horizons LLP

BEYOND "PRODUCTS & SERVICES" IN BANKING

by **B. Joseph Pine II,** *Strategic Horizons LLP*

No industry has more commoditized itself over the past three decades than banking

Banks pushed people out of branches to use automatic teller machines in order to reduce personnel costs. They pushed them out of branches – the one physical space where they could actually control the experience provided to customers – to use telephone response systems, again in a bid to save money. They pushed them out of branches and onto the Internet to further reduce transaction costs. That's no way to create a lasting relationship. Is it any wonder consumers treat financial offerings as mere commodities to be bought and sold on price, price, price?

Consider, however, a true commodity: the coffee bean. If you convert its commodity price from a per ton to a per cup basis, you will find that a cup of coffee costs just two or three cents for those who treat it as a commodity. When a manufacturer roasts, grinds, packages, and puts those same beans on a grocery store shelf, turning them into a physical good, the price jumps to between five and 25 cents a cup (depending on brand, quality, and package size). Brew the ground beans in a vending machine, kiosk, or corner coffee shop somewhere and that service now sells for fifty cents to a dollar, maybe $1.50 per cup.

But serve that coffee at a Starbucks or other experiential coffee shop – where the ordering, creation, and consumption of the cup happens with a sense of theatre and within an inviting environment where people want to hang out – and consumers gladly pay anywhere from $2 to $8 for each cup. Businesses that ascend to this fourth level of value beyond commodities, goods, and services establish a distinctive experience

B. Joseph Pine II

Co-founded Strategic Horizons LLP, a thinking studio based in Aurora, Ohio, USA. He is the author of Mass Customization and co-author of Authenticity, The Experience Economy, and Infinite Possibility: Creating Customer Value on the Digital Frontier.

He can be reached at *bjp2@StrategicHorizons.com* and found on Twitter *@joepine*

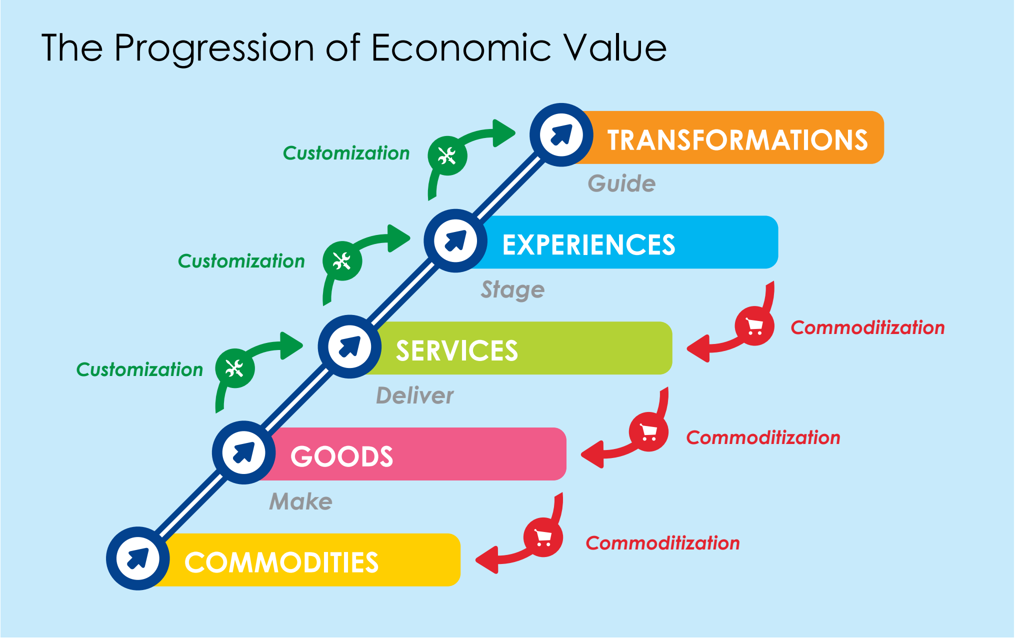
that envelops the purchase of the coffee, increasing its value (and therefore its price) by several orders of magnitude over the original commodity.

A New Level of Economic Value

Experiences are in fact a distinct economic offering, as distinct from services as services are from goods. Experiences result when a company uses tangible goods as props and intangible services as the stage for engaging each customer in an inherently personal way, and thereby create a memory, the hallmark of every experience. Experiences include vacationing at one of Disney's theme parks around the world, dining at theme restaurants such as the Hard Rock Cafe, staying at boutique hotels like one of Ian Schrager's properties, shopping at experiential destinations, such as Times Square in New York – and sipping a cup of coffee at the ING Direct Cafe.

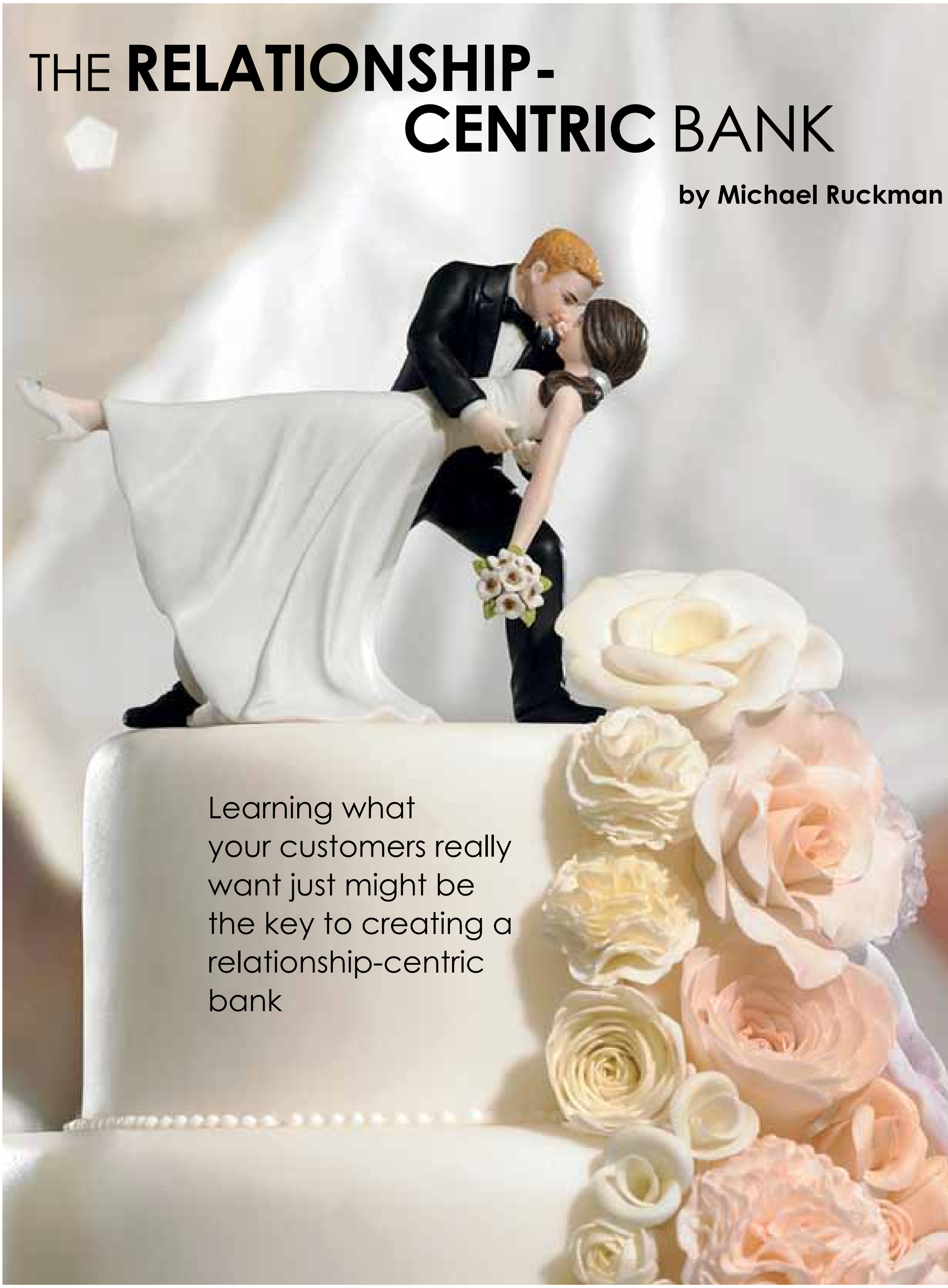
Dutch bank ING's North American arm (now owned by Capital One) decided that the industry was so commoditized that it didn't even bother to create branches, choosing to work with customers over the phone and the Internet as so many had become accustomed. But it did want to create places where people actually wanted to spend time talking with bankers, so it created a

(continues on page 56)



THE **RELATIONSHIP-CENTRIC** BANK

by Michael Ruckman



Learning what your customers really want just might be the key to creating a relationship-centric bank

Michael Ruckman

Michael Ruckman is the Founder and President of Senteo. During his 20+ year career, he has worked as a banker and consultant for retail banks in more than 30 countries. Michael has delivered a variety of successful projects ranging from business strategy to the launch of fully transformed retail institutions. His professional experience includes large-scale projects for brands such as Abbey National (Santander), Alfa-Bank, Atlantico (Millennium BCP), Banco Venezolano, BNP-Paribas, Citibank, ING, Vneshtorgbank, Bank Menatep SPb, Nadra Bank and many others. Michael regularly lectures in graduate business programs on the topic of Customer Experience, Customer Relationships, and Loyalty in various educational institutions. In addition to his native English, Michael is fluent in Russian, Czech, and Spanish.

According to a Gallup survey in 2009, only about half of customers surveyed could strongly agree that their banks performed the sorts of actions that likely would keep customers coming back, such as "making me proud of where I bank", or "keeping me informed of new opportunities", or even "understanding my financial goals"[1]. And a desire for repeated contact with a provider is just the beginning of a healthy relationship. Another survey conducted by Forrester in 2010 asked respondents if they agree with the statement, "my financial services provider does what is best for me not just its own bottom line"[2]. Results showed that a majority of respondents simply don't trust their banks.

Gallup has done extensive research on customer engagement (how and why customers have a strong emotional tie to products and brands). According to Gallup's methodology, described in the article "Bankers, Meet Your Customers" (published in 2009), "the baseline requirement for customer engagement is rational satisfaction, which comes from meeting a customer's needs, such as price, speed and efficiency."[3] Companies that fulfill these needs are more likely to have loyal clients who renew and refer business. However, the "real difference in customer behavior and profitability comes from going beyond rational satisfaction to emotionally engaging customers with your products and services"[4]. I would venture further to say that every customer contact that is positive, fulfilling, and emotionally engaging contributes to the health of the relationship, and, thus, the loyalty that a person feels toward the other party in that relationship.

Why is a healthy, loyal customer relationship valuable for banks? Few would dispute the benefits, and many different studies show that loyal customers are less price sensitive[5], hold higher deposit balances[6], use more credit products[7], and also are better at credit repayment[8] with the banks that have won their loyalty.

Gallup has proven that customers who are fully engaged in their relationships "delivered a 23% premium over average customers in share of wallet, profitability, revenue, and relationship growth, while actively disengaged customers represented a 13% discount on the same measures"[9].

Most bankers will rate loyalty and development of customer relationships fairly high on their list of priorities, yet customers seem to be unhappy with the quality of those relationships. Somewhere there is a serious disconnect, and the seriousness is reflected in a 2009 survey by Deloitte entitled, "Rebuilding the Relationship Bank". For example, the study concluded that only 36% of

(continues on page 57)

THE OPERATIONAL AND MANAGEMENT DILEMMA FOR RUSSIAN BANKERS

by Miroslav Boublik

Over its 4000 year history, banking has undergone a set of major transformations

From an early Assyrian merchant lending out money to his neighbor, recording the debt and collecting it himself, to today's multinational behemoths covering every financing need from an individual's credit card to a major government's complex derivative, the inside of banking – its operating model – has changed beyond recognition.

As have many other industries they touch, banks have specialized core tasks, computerized key functions and subsequently centralized their internal operations. Unlike regulation, which seems to be cyclical and not always constructive, or product innovation, which can lead to unforeseen consequences, changes in bank operating models have led to results which can be viewed as largely positive. Let us look at the operating model along three dimensions – **the organization of operations, the approach to business, and the management model**.

Organization of Operations

Starting with the first area, the simpler of the three, accepted operating standards and common practices emerged which are rarely viewed as controversial. Although I have met some executives who tried to dispute the benefit of moving towards centralized operations, real experience has proven them unequivocally wrong.

The path to centralization consists of three distinct evolutionary stages – the "autonomous branch" model, the "branch back office" model, and the "centralized operations" model.

Autonomous Branch Model

Banks have historically started with a fully decentralized model in which each branch operated almost like a small, completely separate bank, with its

Miroslav Boublik

Miroslav Boublik is a Partner at Senteo and also manages the Senteo Business Ventures program. In addition to board level Alfa Bank and BNP Paribas Ukraine, he has held senior level positions in IT companies, and consulting firms in the USA, Russia, Czech Republic and Ukraine. Miroslav has consulted top-level executives of Fortune 500 companies on key strategic and operational matters, managed operations and IT divisions of large commercial banks, and managed large scale business transformations. He holds an MBA from the Harvard Business School and speaks Czech, English, Polish, German, Slovak, Russian and Ukrainian.

own customer staff, accounting, and general ledger. Customers were tied to a specific branch and could not access their accounts at other branches. Branch staff performed both customer-facing and, what we would consider today, back office tasks. Work was mostly organized by customer files, with the head office accounting function being the only "back office". Customers may have considered the service personal, because it was – one person was taking care of them and that person knew them well. In terms of controls, banks relied on the trustworthiness and professionalism of their staff and on the occasional random inspection. While such a model worked initially, it did not scale beyond a small operation; and today, in a world of centralized competition, this model cannot be sustained due to high cost and, potentially, high risk of internal fraud.

Branch Back Office Model

As the number of customers served by a single branch grew, the banking industry was taking a cue from manufacturing. Specialization began to emerge with customer-facing activities allocated to one group of employees, while sales support and back office tasks were assigned to another group. By specializing, each group could be picked to closely match the job requirements: extrovert communicators thrived when selling to customers, while meticulous introverts were better suited for back office rigor.

In this model, with conscious effort from the head office, controls have improved as back office staff could counterbalance the sales staff's enthusiasm for a particular customer or deal. Nonetheless, having back office report to a branch manager who needs to be driven by sales targets can also lead to weakened controls, and locating back office staff in branches is unnecessarily costly.

Centralized Operations Model

Once customer-facing tasks are separated from non-customer-facing tasks and work is "dematerialized" (i.e. represented as electronic data or as scanned representation of physical documents), activities once located in a branch can and should be centralized and moved to a single location. This allows for capturing economies of scale by pooling work, provides for better standardization of processes by improving their physical monitoring, and limits the opportunity for internal fraud, since back office staff is no longer reporting to a sales target-driven branch manager nor are they exposed to peer pressure by sitting next to sales staff.

Furthermore, once most back office personnel is removed from branches, new locations can be made smaller, thus lowering the overall real estate cost of expanding a network. Having a centralized operations center or two (for redundancy) is significantly cheaper than locating back office staff in branches both because staff can sit more efficiently in a large open space layout and because operations centers are normally located in less expensive areas than retail branches.

(continues on page 60)

BRAND AND COMMUNICATIONS: PAST, PRESENT AND FUTURE

by Ian Newman

The evolution of branding and communications in Russia characterizes the very nature of this fast-growing emerging market

As a long-time professional in this field, I would like to offer some views and observations that would hopefully paint a fair picture about how branding and communications have developed in Russia's retail banking sector over the past 10-12 years, and indicate trends that will likely shape the future.

The Past

We often like to say, "Brand is not a logo, nor is logo a brand". And still, in the early 2000s, especially among the retail financial institutions operating in Russia, a "brand" was manifested primarily though the corporate name and a logo. A sign that read "Bank" offered instant recognition of the nature of the business and customers had generally undifferentiated views about this or another bank. To them it made no difference: a bank is a bank.

Of course, the consumers by virtue were not very sophisticated at the time. Yet, the banks lacked the same quality, owing to the fact that they were entirely product-oriented. And since most banks offered pretty much the same service, the use of their brands was primarily limited to one goal: name recognition.

Internal PR departments tended to be the ones in charge of managing the corporate brand, which basically came down to advertising and promotion. It wasn't until later that banks started to even have brand managers as a full-time job function. Meanwhile, the marketing departments did mainly research.

Ad campaigns were run through traditional above the line (ATL) channels (TV, radio, billboards, newspapers and magazines), while forms of customer communication were often limited to just brochures and, occasionally, posters. Almost no one really measured campaign effectiveness by, for instance, looking at how much was spent to acquire a single customer. So, the main purpose of branding and communications in the past was two-fold: get name recognition and advertise products.

The price of a product or a service was the key message used to compete for customers. Because of the lack of customers' association with any banking brands, the brand alone had hardly any value.

The Present

During the last five or six years there has been tremendous progress bringing the

(continues on page 61)

Ian Newman

Ian is a co-founder of Senteo, with more than twenty years of experience across a diverse portfolio of retail and brand experience projects in more than 15 countries which has given him an in-depth understanding of all aspects of the creative industry and the way that transformation projects need to be delivered.

Over the last 15 years Ian has been working with some of the biggest financial services companies in the world which includes 12 years working and regularly visiting Russia.

	Past	Present	Future
Brand essence	Bank's name and sign Maybe logo and slogan	Logos, slogan Visuals, photography Some brand positioning Mission, vision, values	Well constructed brand: brand story, personality, distinct attributes, tone of voice, visual style
Management model	PR department → responsible for all comms Marketing department → research only	Market research → Brand & communi-cations → PR → still a significant lack of segmentation	research, B&C, PR → segment 1, segment 2, segment 3, segment 4
Media mix (channels)	**ATL:** TV, radio, newspapers, billboards **BTL:** brochures, occasional posters	ATL BTL Merchandising/ literature (promo, direct mail, localized campaigns: more structured and better managed) Sales support (presentations)	ATL – less focus BTL – Prevalent BTL, "contact" events, primarily digital, targeted, any channel Merchan dising/ literature End to end comms – Streamlined e2e communications: sales support to memorabilia
Focus area/ key message	Little product differen-tiation Purely price-driven messaging Little or no mesurement of campaign effectiveness	Still product focussed Promotion of product benefits and featrures Price still has a signifi-cant influence on the key message Basic campaign budget performance management	Relationship focussed Benefits and outcomes from the relationship with "my" bank Price based competition no longer the key driver Detailed cost of adquisi-tion per customer, per segment

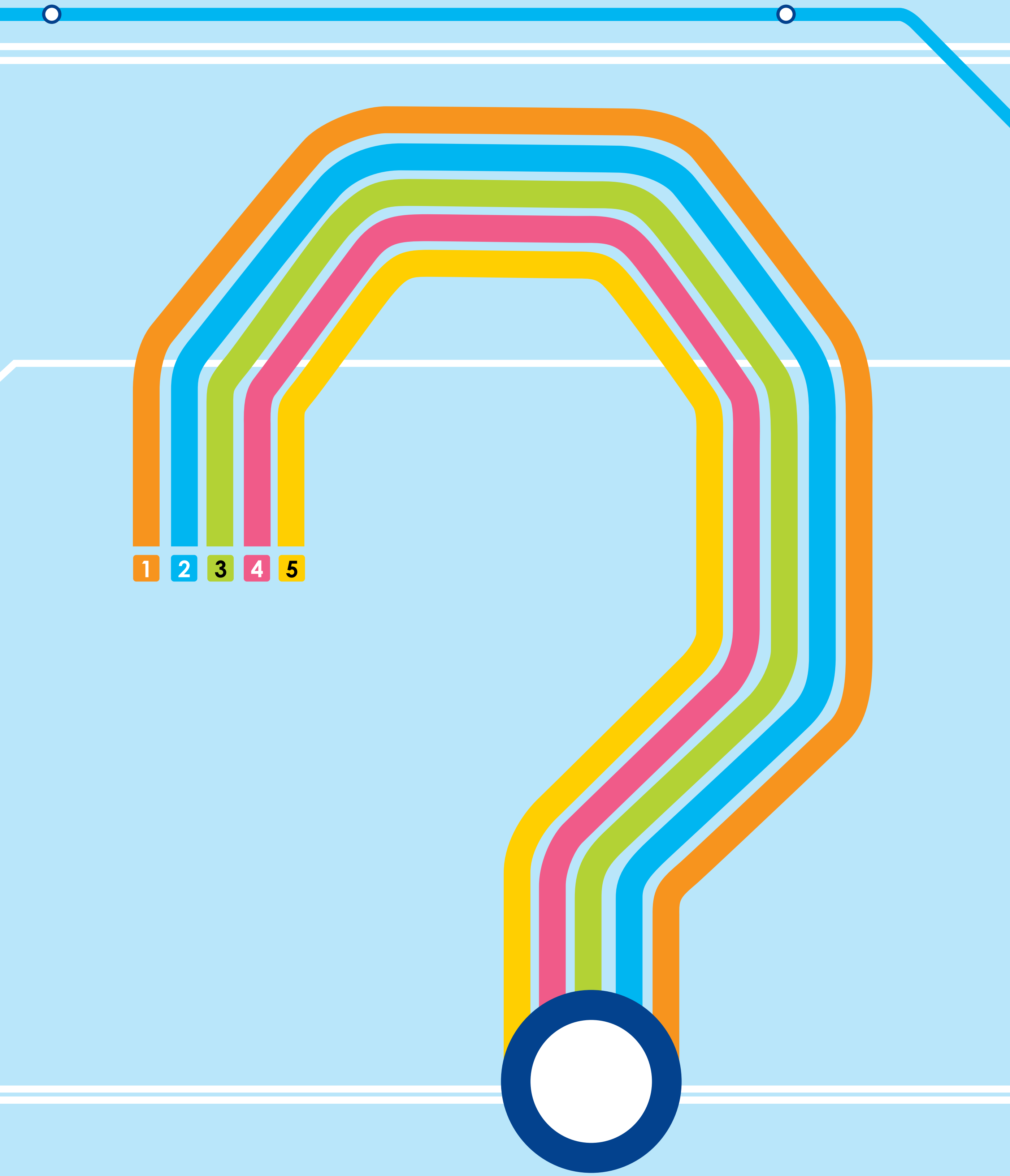
STUDY REPORT

The present-day economy in Russia is far from what it was 20 years ago.

Customers are more picky. The issue of "appeal" is now at the forefront of almost every decision. For the same reason, retailers and service providers are under intense pressure to create that unique appeal that would help them to lure customers and compete with their peers. Sure, one brand of dishwasher may have the same functionality as any other brand, but there is something about that new "Bork" or "Bosch" machine (popular brands in Russia) that makes people want to spend extra.

Are banks really any different? Shouldn't they also worry their appeal to customers? Our answer is unequivocally "Yes" and this year's study is dedicated to this very important topic.

Tom Mouhsian
Study Coordinator
Partner & Managing Director (Russia/CIS)
Senteo Inc.


1
2
3
4
5

WHAT IS CUSTOMER EXPERIENCE INDEX, WHAT IS NEW IN 2012 AND WHAT IS COMING NEXT?

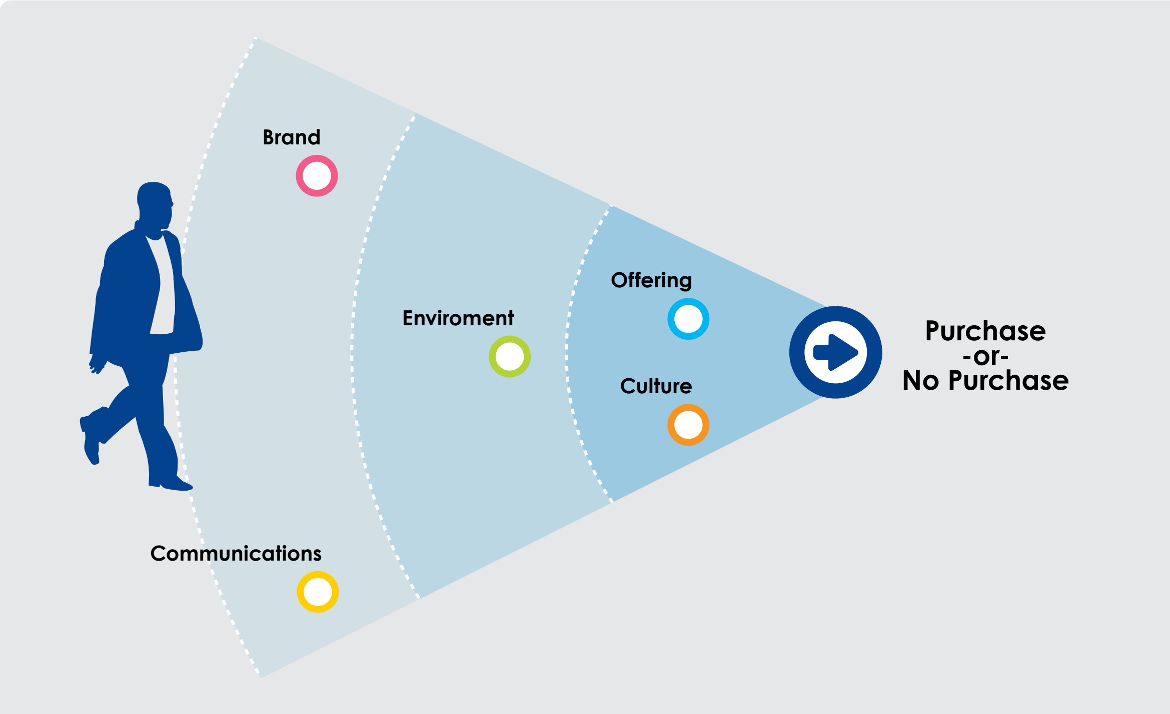
The Customer Experience Index (CEI) creates a new benchmark for retail banks and a tool for measuring the quality and consistency of experiences created for potential new customers to the bank.

The CEI measures the performance of banks based on key areas that are of particular importance to potential customers, such as:

- **Brand** – How appealing is the brand and its positioning directed at customers? How well can customers identify with the brand's perceived values?
- **Communications** – How effective are set advertising and promotional activities at generating customer interest? How clearly are values and benefits communicated to the customer?
- **Environment** – How accessible, intuitive, easy to use, and consistent are customer touch points?
- **Offering** – How well does the offering meet the needs of the customer? How well is the product packaged to create value for customers?
- **Culture** – How efficient is the organization in creating an internal customer-centric culture? How well do bank employees interact with customers?

These five elements are very important in appealing to any potential customer considering initiating a relationship with a particular bank. During this process of considering one bank, or many different banks, each customer goes through a number of steps that ultimately help to make a choice "to buy" or "not to buy" the products offered. It is extremely important for banks to measure their effectiveness in appealing to potential new customers. After all, the ability to attract new customers directly affects the overall growth and profitability of the bank's retail business.

In reality, customers have the right to "choose" the bank that they will use on a daily basis and the bank (or banks) that they will use to help them solve their problems or realize their goals. Therefore, we have to acknowledge that customers will choose the bank or banks that they need based on a shopping process, just like any other good or service they buy. When a customer experiences a bank for the first time, they go through simple stages of discovery. They will first see the brand and



communications and form an opinion about potential benefits if they contact that bank. Then they will make contact through one of the customer touch points (environment). This could be a physical channel, such as a branch or point of sale, or it could be through one of the virtual channels, such as the call center or the Internet. And if that initial contact is pleasing, they will move on to understand the offering of the organization and experience the culture of the people with whom they are interacting. Only then will they make a decision to purchase or not to purchase from that bank.

These areas of discovery for the customer also represent distinct areas in which a bank can lose those customers; therefore, measuring the effectiveness of these elements provides a very valuable indicator for banks. We have found, through using this study in multiple countries, that the banks that are more effective and advanced in these five elements are generally more effective at attracting new customers and rely much less on price as their main tool to attract those customers. In other words, banks that create a better initial experience for potential customers are able to attract more customers that are willing to pay a higher price for a better quality experience overall.

What Is New In 2012?

As you may already know, Senteo has been conducting the Customer Experience Index study in Russia since 2007. Usually this study was performed in partnership with audit firms such as KPMG (in 2007) or PWC (2008-2010). The role of the partners was mostly limited to information gathering in the form of mystery shopping visits to bank branches. However, due to such partnerships, we were often limited in the content that could be presented in the final report and in the methods we publicly communicated the study's results to the market and the press.

Due to these and a number of other reasons, we have decided to conduct this year's study independently and, for the first

> “the Customer Experience Index is based on mystery shopping visits in which people act as potential customers who come into contact with the bank for the first time

time, offer it in the form of a publication that resembles a business magazine in its style and look. The magazine features “thought leadership” editorial articles, expert commentaries, mystery shopper commentaries, key facts, and study findings. We hope that this publication will offer readers a more engaging and interesting material in a format that is more enjoyable and experiential.

Another change from all previous years is that we have added additional elements to the publication. Since this year’s study marks the 5th year anniversary of the CEI, it presented a perfect opportunity to provide a historic look at some of the banks’ customer experience performance. By doing this we were able to observe performance consistency and make appropriate conclusions.

The CEI study is limited only to top retail banks in the country, based on the size of their assets, credit portfolio, and branch networks. Due to volatility in these criteria, in addition to other factors such as mergers, market exits, re-branding, etc, the composition of the study participants naturally changes from year to year.

What Is Coming Next?

If you are a regular reader of our publications, you may already know that the Customer Experience Index is based on mystery shopping visits in which people act as potential customers who come into contact with the bank for the first time. This naturally presents a certain limitation, because this approach does not allow us to assess the quality of the experience for existing customers. Nor does it provide us with data about how do the banks develop customer relationships in the long term and, as a result, how do they profit from it.

In the coming years, we plan to expand the scope of the study to rates the strength of relationships with customers. The methodology for this type of rating is currently being tested and applied on a pilot scale in multiple countries. The preliminary results of our testing in Russia has provided very useful insight as to how the Russian consumers value their current relationships with a banking provider and what they seek from that relationship in the future.

This would provide a significant added value to banking professionals who follow our research, because the relationship strength model would offer a better analysis of the factors that influence customer loyalty and retention. In addition, we would like to integrate profitability statistics into our research methodology, which would then give us the ability to measure and assess the intricate links between:

- The experience of potential customers before the purchase
- The banks’ effectiveness at developing strong relationships with customers
- The effect of the above on the banks overall profitability

The combination of these three key elements will help us to further enhance the value of our study to banking executives and stakeholders and hopefully guide them on a path to future success. ■

CEI-2012: **RATING CHART**

CEI 2012 Rating	Bank Name	CEI 2012 Score	CEI 2010 Rating	Gain/Loss
1	Alfa-Bank	4.10	1	→ -
2	Raiffeisenbank	4.02	4	↑ 2
3	Home Credit Bank	3.84	22	↑ 19
4	UniCredit Bank	3.75	13	↑ 9
5	Promsvyazbank	3.73	11	↑ 6
6	VTB24	3.71	5	↓ -1
7	Citibank	3.69	2	↓ -5
8	Nomos-Bank	3.68	14	↑ 6
9	Renaissance Credit	3.68	-	- -
10	Sberbank	3.47	19	↑ 9
11	NB Trust	3.46	15	↑ 4
12	Credit Bank of Moscow	3.41	9	↓ -3
13	Bank Zenit	3.34	26	↑ 13
14	Absolut Bank	3.31	3	↓ -11
15	OTP Bank	3.29	23	↑ 8
16	Bank of Moscow	3.26	20	↑ 4
17	B&N Bank	3.26	17	→ -
18	Russian Standard Bank	3.25	21	↑ 3
19	Gazprombank	3.18	34	↑ 15
20	Rosevrobank	3.17	-	- -
21	Bank Uralsib	3.09	10	↓ -11
22	Openbank	3.06	-	- -
23	MTS Bank	3.00	12	↓ -11
24	Rosbank	2.94	25	↑ 1
25	Bank Vozrozhdenie	2.92	24	↓ -1
26	TransCreditBank	2.88	32	↑ 6
27	Probusinessbank	2.84	16	↓ -11
28	Bank Soyuz	2.83	30	↑ 2
29	MDM Bank	2.73	7	↓ -22
30	Master-Bank	2.64	28	↓ -2
31	Bank Petrocommerce	2.60	31	→ -
32	Orient Express Bank	2.60	38	↑ 7
33	Rosselkhoz Bank	2.48	-	- -
34	Bank of Khanty-Mansiysk	2.32	-	- -
35	Uniastrum Bank	2.31	34	↓ -1
36	Investtradebank	2.21	-	- -
37	Sviaz Bank	2.20	-	- -
38	Sovcombank	2.18	41	↑ 3
39	Transcapitalbank	2.08	40	↑ 1

KEY PROOFS OF CONCEPT

Over the past 8-10 years, the term "Customer Experience" has become a popular buzz phrase in businesses around the world. Companies love to proclaim their devotion to customers and pack their marketing campaigns with luring promises of an excellent experience. But when we pose the question, *"How would you define 'customer experience'?"* we are often met by silence.

At Senteo we define Customer Experience as **"a positive, engaging and fulfilling contact with a provider".** This seems simple, but to build, measure, and manage a business that is designed to consistently deliver positive, engaging, and fulfilling contacts is still a bit of a perplexing task for most companies. Many companies have tried cosmetic tactics to make their businesses more experiential, and, after much investment and flaccid rewards, finally made holistic and systemic changes to their operating models.

Banks are no different. We have seen many "experiential" innovations in the past several years. Unfortunately, most of these attempts have been mainly cosmetic. Some of the most visible examples of that trend were seen in Deutche Bank's Q110 concept, Washington Mutual's Occasio branches, ABN-AMRO's Financial Centers, Umqua Bank's Community Centers, ING's Direct Cafés, Jyske Bank's branches, etc. Even Sberbank has recently introduced its own rendition of a *"Branch of the Future"*.

The variety of the so-called "experiential" elements that we have seen in banks around the world includes many things that were once unheard of in a bank setting:

- Branch sound systems with different content schedules in different zones
- Sound domes and Panphonic Sound Signs to isolate sound to specific small areas
- Digital merchandising systems with local messaging and information
- Touch-screen video walls, interactive projection walls, and video façades
- Coffee, cookies, candies, popcorn, and even water bowls and dog biscuits for people that bring their dogs into the branch
- Lifestyle and life stage themed product packages and zones in branches
- Childrens' play areas complete with Playstations, Wii game consoles, and Lego play tables
- Touch screen tables and kiosks with interactive content, streaming video, and even internet café areas
- Smell generators capable of generating different smells in different zones and at different times.
- Beautiful, innovative, even futuristic design of the environment and communications

- Experiential (sometimes even controversial) communications, such as human billboards, "random acts of kindness", and "WooHoo moments" (Washington Mutual)

But the real question is: "Are such innovations financially justified?" Obviously, it is impossible to imagine that such costly endeavors can be rolled-out through entire distribution networks. Therefore, these experiences, although they certainly do create a "wow" effect, cannot be replicated for all customers. Oftentimes, they simply serve as showrooms to illustrate technological advancements and set the ground for disappointment when customers return to visit the "regular" branches.

True or False?

The experiential innovations that we have seen to date have not generated financial results sufficient to justify the investment

Answer: Both

It is, indeed, true that customers do appreciate the positive experiences after witnessing such innovations. When customers come into contact with a bank that features cool technological gadgetry, pleasant surroundings, a nice smell, and even a comfortable place to just sit down and have a coffee, while surfing the bank's interactive web-portal on WiFi, it generates a certain "Wow" effect and the potential to create a positive and a memorable experience. But, do those customers buy more? Are they less price sensitive? Are they more likely to choose their primary bank based on a positive initial contact with a bank?

Obviously, there is a lot of skepticism about whether the investment in "experiential innovations" is really justified financially – and rightly so. Many of the innovations that we listed above along with their "experience centers" failed to generate the expected results, and, therefore, were never rolled-out to their corresponding network of branches.

At the same time, we do know that people have a choice, and, in most cases, customers will choose an appropriate match of quality and price. We also know that a percentage of the population (not a small percentage, either) is willing to pay more for a consistently better quality of contacts with their bank.

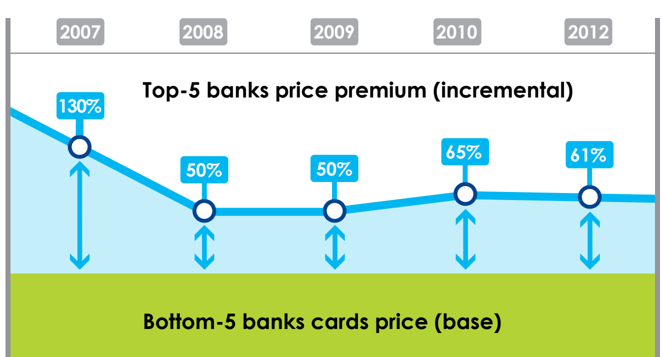
For that reason, we would like to offer a couple of proofs of concept, based on facts and publicly available statistical data.

Proof of Concept #1: Pricing and Sensitivity

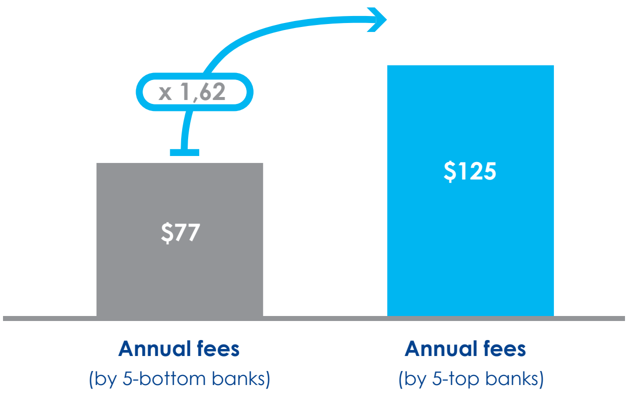
Throughout the last six years, we have studied the Russian banking market in an attempt to prove the link between those banks that score well on an initial customer experience and the level of price sensitivity from their customers. During that time we have made a number of very interesting observations that we would like to expand upon here.

Each year, since 2007, we have compared the pricing practices of Russian banks that have scored at the top and at the bottom of our annual Customer Experience Index. As a basis of comparison, we used standard offerings like the Visa Classic and MasterCard Standard debit cards that are commonly classified as a "mass market" product. When comparing the annual fees

Standard debit card pricing
(top-5 vs. bottom-5 banks)



Comparison of average price for Gold Debit Cards
(top-5 banks vs. bottom-5 in the CEI-2012)



that the top-5 performing banks charge their customers to the fees charged by the banks who placed in the bottom 5 positions of the CEI study, we've always discovered a notable difference in pricing. This observation led to the conclusion that better performing banks can charge higher fees for standard products and still be successful in sales. The same holds true this year. Banks in the top 5 have maintained pricing levels 61% higher than the lowest 5 banks in the study.

This year, we also chose to look at the mass affluent segment, which seems to have become a special interest to all bankers in the past 12 – 18 months. When we make the same type of price comparison in the mass affluent segment – we observe the same scenario. The customers in this segment are generally more demanding, while at the same time less price-sensitive.

In 2012, the price differentiation among the same group of banks, but for the mass affluent segment, indicates a notable price premium advantage for the top-5 performing banks in the CEI study (see graph on next page). Using the Visa and MasterCard Gold debit cards as the basis of comparison, we see that the annual commission fees (in U.S. dollars) at the top-5 performing banks are 1.62 times higher than in banks that placed in the lowest 5 positions in the study.

This observation suggests that mass affluent customers are also willing to pay higher fees at those banks that offer additional value emanating from a better overall customer experience. So, in response to the question, "are customers sensitive to price" – the answer is absolutely "yes"! But are they willing to pay more in return for better experience? The answer is also "yes". People will always have some level of sensitivity to price, but there is a large portion of the population that is willing to pay a bit more to have a more pleasant experience with their bank. The banks in the top 5 in the study have recognized this and tailored their business to that particular segment of the population.

Proof of Concept #2: Share of Demand Deposits

Most bankers today use Demand Deposit Account (DDA) balances, in combination with some other key performance indicators, to identify those customers with a primary banking relationship (i.e. those customers that use the bank to manage their day-to-day finances). DDA balances are usually interest-free or low-interest accounts. So, generally, customers will keep DDA balances in the amount that they need for management of their day-to-day financial obligations. Other amounts, not needed in the immediate future, would usually be moved to higher interest and/or longer term financial instruments. We tend to believe that the dynamic between demand deposits and term deposits reveals interesting truths about how customers choose their primary bank relationship (the bank that they use for day-to-day money management).

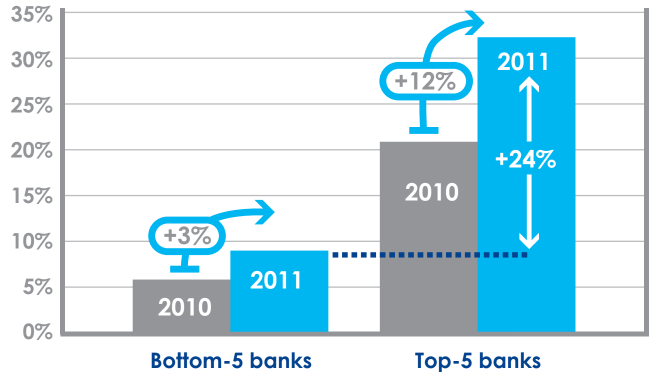
Using the same approach as last year, we've analyzed the volumes of demand deposit balances in proportion to term deposit balances at each of the banks in the top-5 positions in the CEI study; and compared these figures to banks that have placed in the bottom of the ranking. The data used for this anaalysis was obtained from official Central Bank sources for the fiscal years of 2010 and 2011 (according to the latest available information).

As in the last CEI report, we were able to confirm that banks with a better customer experience rating outperform their colleagues from the opposite side of the rating chart, showing a 24% higher share of demand deposits vs. total deposits (please, refer to the next graph).

In addition, the gap in DDA balances has significantly widened since 2010, indicating that the top 5 banks in the CEI have experienced a 12% growth in DDA balances, while the lowest performers in the CEI study have shown only 3% growth in DDA balances.

This indicates that customers are more likely to keep their day-to-day financial relationships consolidated in those banks that provide a more positive experience, which represents a significant advantage for those banks that score high. Statistically, those customers that keep higher demand balances in a bank (generally indicating a

Share of demand deposits vs. total deposits (%)
(Based on reported retail deposit data from the Russian Central Bank for the most recent two years, i.e. 2010 and 2011)



day-to-day banking relationship) are also likely to be better at re-paying loans with that bank. Also, customers that are happy with their day-to-day banking relationship are also less likely to shop for solutions from other banks when they have additional needs. As a result, they may begin to consolidate their financial relationship with one provider, which will represent a higher number of products per customer, lower credit risk, and more overall profit. The benefits are definitely interesting to most bankers today. ■

THE **TOP-10** IN 2012

The Senteo Customer Experience Index (CEI) was not designed to rate banks based on their size or financial performance. To the contrary, the CEI was designed to measure each bank's performance among the elements that generally increase its appeal to potential customers.

Therefore, understanding that there are many things that are important for the proper function of a bank internally (funding structure, anti-fraud systems, transfer pricing, CRM systems, core banking systems, risk management, etc.), we have chosen to focus this study on the elements that would make a bank more or less interesting to a potential customer seeking a new banking relationship. *(please refer to page 18, featuring the article "What is Customer Experience…")*

Mindful of this context, let us take a closer look at this year's top-10 list in search of answers. This year's leader group is crowded with new members; six to be exact. The composition of this group is quite interesting because it represents a number of contrasts. There are government-owned banks and private banks; Russian banks and foreign banks; giant banks and relatively small banks. The top-10 has never been so diverse during all five years of the history of the CEI.

CEI 2012 Top-10

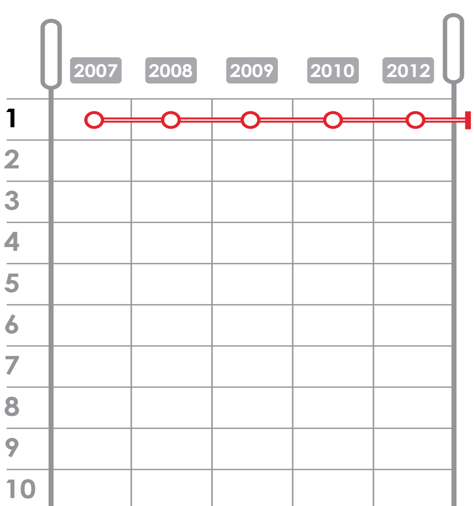
CEI 2012 Rating	Bank Name	CEI 2012 Score	CEI 2010 Rating	Gain/Loss	
1	Alfa-Bank	4.10	1	→	-
2	Raiffeisenbank	4.02	4	↑	2
3	Home Credit Bank	3.84	22	↑	19
4	UniCredit Bank	3.75	13	↑	9
5	Promsvyazbank	3.73	11	↑	6
6	VTB24	3.71	5	↓	-1
7	Citibank	3.69	2	↓	-5
8	Nomos-Bank	3.68	14	↑	6
9	Renaissance Credit	3.68	new		new
10	Sberbank	3.47	19	↑	9

Mystery Shopper comment
Products are available at an Internet bank. Employees work fast, but they could be more attentive to my needs.

1

Alfa-Bank

Alfa-Bank is still the leader in the CEI, consistently since 2007. The bank's performance strength can be attributed to its keen customer-oriented focus, simplified branch processes, appealing product offerings, attractive branches, friendly service culture, and smart marketing that continues to attract customer attention. However, it seems that Alfa-Bank has somewhat slowed its innovative practices that have once helped to set it far apart from the rest. Its competitors are at the very door-step and only a breath away, evidenced by the fact that in this year's Index Raiffeisenbank performed better than Alfa-Bank in the Communications and Environment categories and trailed closely behind in Brand, Offering and Culture.

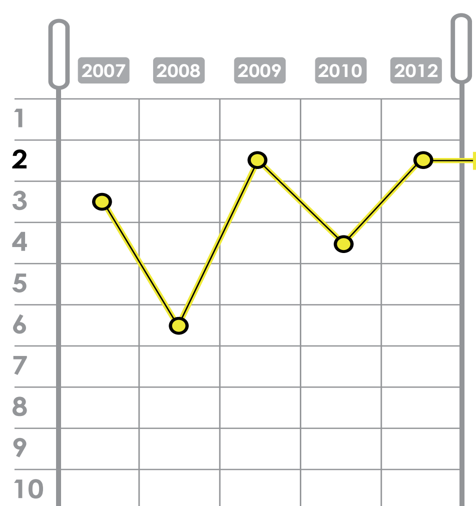


Mystery Shopper comment
Even though the price was high, the bank's employee offered a packaged solution that made me want to become a client.

2

Raiffeisenbank

Raiffeisenbank consistently appears in the top-10 in the CEI since 2007. It is customer-oriented, provides a solid level of service to customers, has a well-recognized international brand, has overall nice and conveniently located branches, friendly branch employees, and is quite competitive. The only reason why it has not been rated as number one in the Index is because of Alfa-Bank's strong hold on the top position in the rating, confirmed each consecutive year.



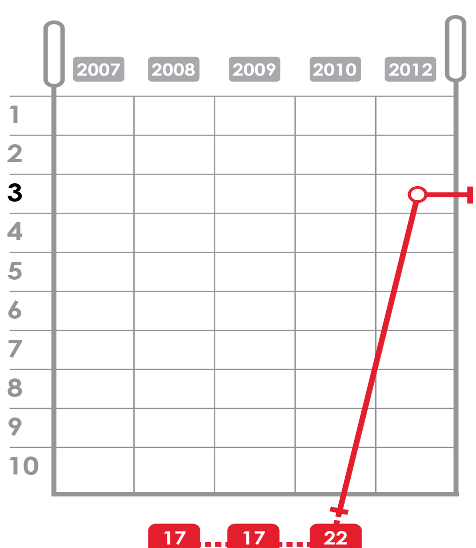
3

Home Credit

Although a well-recognized retail bank in Russia, Home Credit has never been a consistent performer in the CEI. This year, Home Credit moved up by 19 spots (the highest level of gain in 2012) in order to earn the third position. The only bank that has ever demonstrated such a remarkable year-on-year gain is MDM Bank in 2008 (gain of 22 positions). Home Credit Bank historically has been known for its strong POS lending business. Its branch network, therefore, has never been used as the primary channel for establishing customer relationships. However, in recent times, the bank has shifted towards more active deposit taking through its branch network. It is safe to assume that it is due to this shift that Home Credit's performance in CEI has started to improve. Yet, the bank still shows quite a low level of demand deposits (DDA) in comparison to its overall deposit portfolio (3%). This would indicate that Home Credit is still not viewed by most customers as a "day-to-day" bank (please, refer to page #55).

Mystery Shopper comment

There is a quality-control console in the branch that makes me more confident about this bank.



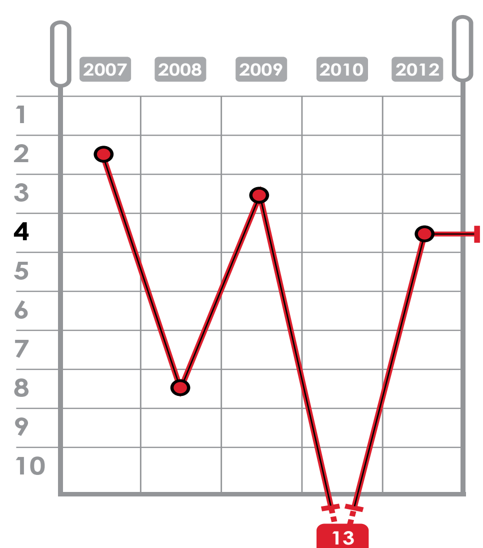
Mystery Shopper comment

Those who came before and even 5 minutes after the closure of a branch got full service.

4

UniCredit Bank

While one can probably argue that UniCredit naturally belongs in the top-10 due to its international brand and the appealing design of its branches, its performance over the years would raise a few concerns. This year, UniCredit has regained its standing in the top-10 (3rd spot in the overall rating) by gaining nine positions since the last CEI study. UniCredit Bank improved in all five categories of the Index (Brand, Communications, Environment, Culture and Offering) and also demonstrated a high level of day-to-day relationships in its retail business thanks to a 56% DDA ratio (top-3 in Russia). It would be interesting to observe UniCredit's future performance in the CEI in order to conclude whether it can be consistent.



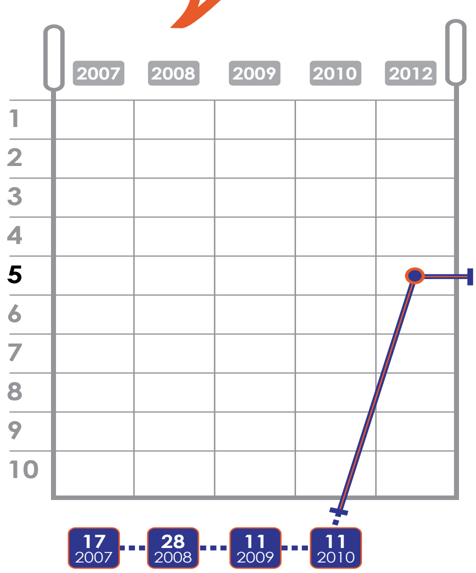
5

Promsvyzbank

Promsvyazbank is making notable progress on the banking market in Russia. It has also been showing a steady, although somewhat slow, improvement in the CEI since 2007. The bank now places a keener focus on retail customers according to its public statements over the recent years, creating further diversification from its traditionally core business concentration in corporate banking. For the first time, Promsvyazbank enters the CEI's top-10 group with commendable results shown in most categories and a few innovations, such as Wi-Fi zones in its branches. However, it continues to lag behind in the sophistication of its offering and culture, areas that can probably help build longer-term stability in the bank's bid to maintain a formidable position in the CEI rating.

Mystery Shopper comment

There was an error in an electronic queue; people who came after me were served before me. Staff didn't notice me for 10 minutes.



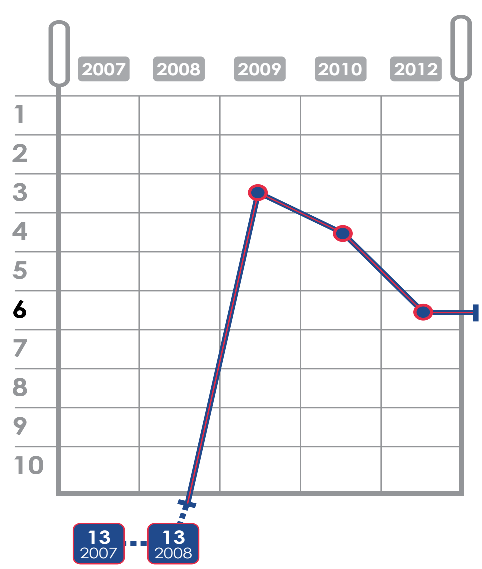
6

VTB24

Mystery Shopper comment

A greeter meets you and directs you to another employee.

VTB24 is no stranger to the top-10, but it is noticeably giving ground to the competition. The bank's performance in CEI-2012 demonstrated drops in all but one category in the rating: Environment. As a government-owned bank, VTB24 benefited during the crisis from the common perception that it is a stable bank and place where customers can safely keep their savings. However, during the period of economic recovery, one of the bank's main sources of concern was customer retention and loyalty. While VTB24 consistently shows a respectable level of performance, we believe that its future fate will be closely related to the bank's ability to establish and sustain a strong relevance to retail customers; specifically, why should people keep their financial relationship at VTB24, and not somewhere else, beyond the fact that they are obviously a government-backed institution.



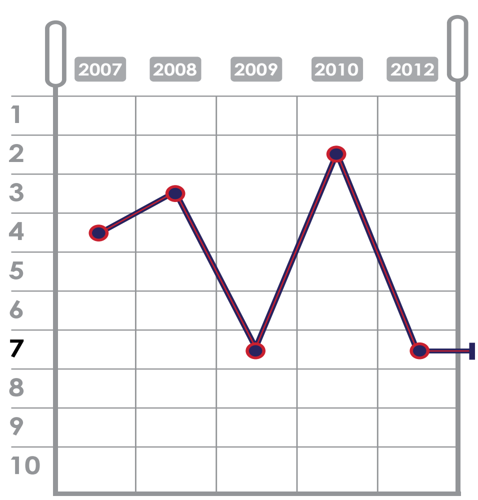
7

Citibank

Citibank has long history, a bright brand, and a solid reputation. But despite these things, it has never been at the very top and it has proven to be rather inconsistent for a bank of such stature. Citibank demonstrated negative dynamics in all categories of the study, except Offering, and as a result lost five positions, clutching to seventh place in 2012. Most notably, Citibank's branch staff Culture was hit the most, causing the bank to lose ten positions in the Culture rating at #16, the worst score among foreign bank brands. This is quite a negative development for a bank that traditionally prided itself on customer service and relationship building.

Mystery Shopper comment

Employees are helpful but don't necessarily show enthusiasm and initiative.



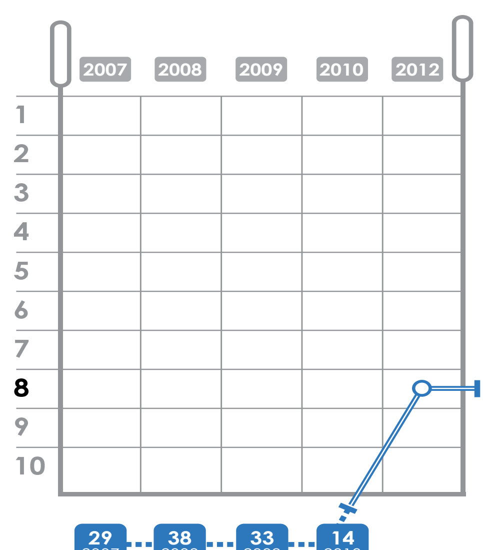
Mystery Shopper comment

Employees show interest towards clients but don't act to identify customer needs.

8

Nomos-Bank

Among the newcomers to the top-10 is Nomos Bank. In direct contrast to Citibank, Nomos-bank improved in all categories, and especially in Culture (up by 10 positions in Culture, placing 3rd overall). Since the last study was released in 2010, Nomos Bank has been in development mode, widening its retail business and introducing a number of significant improvements. The most visible upgrade is perhaps felt through the Bank's redesigned retail branches. But at the same time, the courtesy of the branch staff has given the Bank a new bulwark to be proud of. Hopefully, this positive trend will continue in the coming years. History shows that even such impressive leaps forward can be momentary if unsupported by a long term commitment to the type of things boost customer experience.



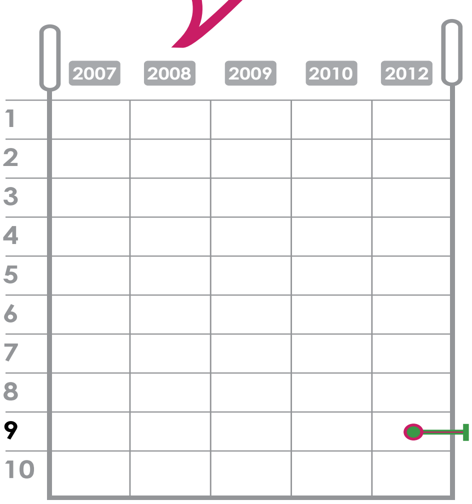
9

Renaissance Credit

Renaissance Credit made a surprise entrance into the top-10 list, showing outstanding results for someone who is new to the study, and beating out its rivals OTP Bank and Russian Standard Bank. The Bank captured the 9th overall spot in the rating, and showed top-10 scores in all but one category – Environment. Perhaps, the most telling story about Renaissance Credit's CEI-2012 score is its performance in the Culture and Offering categories, the toughest of the five categories. If the bank continues on the same path, it wouldn't be hard to imagine Renaissance Credit firmly rooted among the best banks in the country. However, in order to show visible improvements, it really needs to focus on the consistency of its retail branches. The gap between the best and the worst performing branches was so vast that it placed Renaissance Credit in the 27th position, near the bottom of the branch consistency ratings *(please see page 37)*.

Mystery Shopper comment

Despite the rainy weather, the branch was very clean and the staff maintained it without being obtrusive.



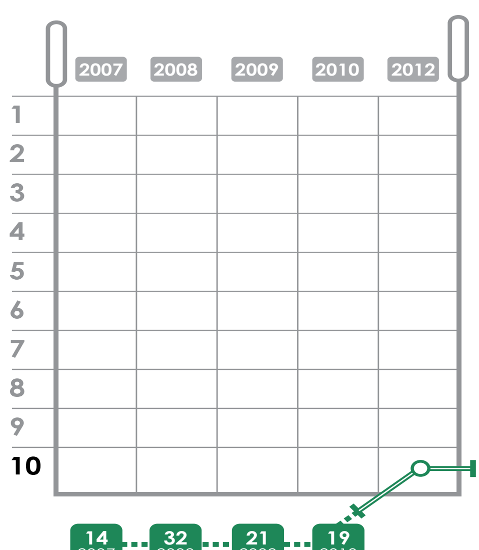
10

Sberbank

Mystery Shopper comment

The manager treated me attentively. She described all product features, explained advantages, and offered additional services.

Probably the most significant addition to the group of leaders in the CEI-2012 is Sberbank. Forget everything you know, or you think you know, about Sberbank. The fact is: Sbrebank is changing and the bank's massive efforts to reform and transform is finally starting to bear fruit, at least in Moscow. While it is hard to underestimate the giant, Sberbank is still the underdog in so many ways. Its branch inconsistency (next to last in the entire study, or #38) suggests that the bank still has a long way to go to truly entrench itself in the top-10. But considering its steady progress over the last three years and the speed with which Sberbank was able to turn around, one has to recognize its notable accomplishment. If Sberbank manages to earn a genuine reputation in the market as a customer-friendly bank, it will generate tremendous competition.



SALES **EFFECTIVENESS**

As we have seen in the past year's study, there is a direct correlation between Customer Experience and the types of behavior that would indicate Sales Effectiveness.

In other words, banks that have higher scores in Customer Experience also exhibit proactive sales behavior and attention to customers that would generally make them more effective at making sales. While we aren't measuring the actual sales numbers in each bank, this correlation between the overall experience for a potential customer entering the bank and the type of behavior that would likely lead to a successful sale, represents a powerful tie (please see the graph below).

For a full table containing the Sales Effectiveness scores for this year's study participants, please refer to page 55.

Graph 1: Correlation between the Sales Effectiveness scores and CEI scores

During the branch visits, each mystery shopper inquired about a specific retail banking solution arising from a personal situation; for instance, a desire to save money for purchasing a car, a wish to fund a trip abroad, an aim to acquire financing for education, a plan to purchase furniture to renovate an apartment, etc. Mystery shoppers sought to interact with the sales consultants in order to identify a possible financial solution; and in the meantime, they assessed the consultant's level of readiness, ability, and interest to strike up a relationship and offer a suitable answer to their particular need.

Some of the factors that played a role in the assessment included the following:

- Is it easy to get a sales person's attention?
- Is there a clear separation between the sales and service functions?
- Are bank employees proactive when dealing with customers?
- Do bank employees ask appropriate exploratory questions to initiate a conversation?
- Do bank employees make an attempt to cross-sell or up-sell the bank's services?

As an added benefit, the scorecard also contained a number of additional elements that aimed to reveal the connection between sales effectiveness and relationship-building. We also took note of any customer-oriented sales approaches that were used by the bank employees.

More often than not, we observed a passive response to specific customer needs or a lack of genuine desire to provide assistance that required more effort and personal attention. In general, the sales consultants tended to point the customer to various product brochures, the internet site and other sources of product information, as opposed to actively guiding the customer to a solution. But mostly, the trouble was found to be in the general lack of proper training in how to interact with potential customers.

Rating	Bank Name	Score	CEI'12 Rank
1	Alfa-Bank	3.50	1
2	Nomos-Bank	3.23	8
3	Home Credit Bank	2.63	3
4	Absolut Bank	2.63	14
5	Renaissance Credit	2.50	9
6	Gazprombank	2.42	19
7	VTB24	2.42	6
8	B&N Bank	2.33	17
9	Sberbank	2.21	10
10	Citibank	2.13	7

As the above chart suggests, seven out of ten banks that appear in the top-10 of our Sales Effectiveness rating are also in the top-10 of the overall Customer Experience Index. It may seem strange that this year's silver medalist, Raiffeisenbank, is not in the top-10 in terms of sales effectiveness (only #12), but it is not too far behind. This confirms our earlier statement that banks that create an experience for potential customers also tend to display the type of behavior that makes them better at sales.

Market Trends

As the banking industry becomes more prone to competition from non-traditional market participants (i.e. non-banks), it is now even more important to make every effort to play a relevant role in customers' day-to-day lives. A passive attitude and a lack of genuine interest in what customers have to say, whether there is a ready-made shelf-product for them or not, is a sure way to alienate potential customers or even lose existing ones.

There are numerous examples around the world that attest to the emergence of a new trend in the financial services sector. For instance, new web-resources like *www.smartypig.com*, *www.mint.* or *www.simple.com* are conducting an aggressive attack on traditional banks, threatening to soon make banks completely obsolete. *Simple.com*'s welcome message bluntly reads, "Get ready to leave your bank!" And indeed, the value-proposition that websites like these offer to customers *can* and *will* tear into the banks' market share. *Why?* Because they offer a value-added service at almost no cost to the customer; for example, financial advice and planning tools.

The same thing is already happening in Russia, non-banking companies utilize the web as a channel to attract and sign up customers who wish to manage their personal finances. For instance, 4Konverta.ru (which in English means "4 envelopes"), zenmoney.ru, and easyfinance.ru are in many ways similar to their American and European counterparts. All of them, essentially, offer customers to do what their banks should logically be doing for them.

Since a lot of retail banking customers nowadays rely heavily on online-banking, it is not very hard to imagine that active banking customers can easily migrate their relationships to these new, low-cost, internet-based and, essentially non-financial institutions, especially, if there is a perceived added value. The problem for banks is that their offerings are beginning to look standard and increasingly obsolete.

Even today, in Russia, we see signals of a trend that traditional banks no longer have the monopoly on retail banking customers. Without a doubt, traditional banks are under attack from new entrants into the financial services field from other industries. A good example of that in Russia is Svyaznoy Bank (*www.svyaznoybank.ru*), an affiliate of Svyaznoy Group, a large mobile and electronics retailer founded by self-made businessman Mr. Maxim Nogotkov. In a relatively short time span, Svyaznoy Bank was able to penetrate Russia's top 10 in credit cards with a portfolio of over 12 billion RUB, according to one market study. Of course, Svyaznoy's 2700 retail outlets play to Svyaznoy Bank's advantage, because it uses its established brand recognition and physical presence throughout the entire country to collect deposits and offer consumer credit, while encouraging customer loyalty through the use of bonus points that can be applied to a purchase of any electronic device sold through Svyaznoy's network.

Yet another method of competing against traditional banks was successfully employed by Tinkoff Credit Systems (TCS; *www.tcsbank.ru*), which specializes in credit cards. Founded by Oleg Tinkov, a businessman better known for his self-branded brewing company that was later sold to global giant InBev, TCS utilizes direct mail, online, DSAs, and partnerships to promote its offering rather than maintaining costly retail networks. Through a combination of ING-Direct and CapitalOne-style business models, TCS was able to find a key to a vast number of retail customers. By its own report[1], TCS has built a credit card portfolio at 20 billion RUB, firmly placing itself in an elite group of traditional banks with such well established names as Sberbank, VTB24, OTP, Home Credit, and Russian Standard Bank, which in the past was the near undisputed market leader in this field. Perhaps, it is the ire of being associated with the alcohol business, but Russian Standard Bank's founder Rustam Tariko (founder of the "Russian Standard Vodka") certainly has gained a competitor in Oleg Tinkov's TCS.

But coming back to the subject of sales effectiveness found in Russia's top retail banks, our study results show an alarming problem. Unfortunately, we confirmed the same negative tendencies as in our last CEI study. Not only did the banks perform poorly in general sales effectiveness, judging by the low average score (1.54 out of the possible 5.0), but they continued to show the same lack of genuine interest in developing customer relationships. During the interaction with customers, bank employees generally continue to exhibit an indifferent attitude, especially if customers' "shopping appetites" don't easily and immediately fit the product that they're trying to "push," based on sales targets passed down from the management. Customers can quickly sense the absence of genuine interest and are left to make choices purely on rational triggers such as price, convenience, speed, and self-service – the very same things that embolden companies like *Simple.com* and that further denigrate the role of the traditional banks in people's lives. ■

1 "Russia's Credit Card Market in 2011"; Tinkoff Credit Systems; February 8, 2012; *www.tcsbank.ru*

change your perspective

Customer Experience Study Tour

"New ideas came to mind during each part of the trip!"

Ukraine

"Plenty of real-world examples about other companies and business models; many fresh ideas."

Poland

"Original and non-traditional approach – the best business program that I've ever had."

Saudi Arabia

For futher details, please contact us at any time either by email at
info@senteo.net

or visit us online at
www.senteo.net/experiencetour.

real experiences

Customer Experience Study Tour

Take part in a specially organized tour in **Las Vegas**, **New York** or **London**.

Ideal for management executives wishing to discover new ideas, to observe the workings of experiential business models, and to feel unique standards of retail service.

Includes a series of strategic workshops, visits to experiential businesses, team assignments and discusions and can be tailored to meet a particular interest or corporate strategy.

For futher details, please contact us at any time either by email at
info@senteo.net

or visit us online at
www.senteo.net/experiencetour.

PERFORMANCE **CONSISTENCY**

Doing something well once is easy, while doing something well consistently presents a certain challenge.

This is particularly relevant to our study, which has been conducted in Russia since 2007. Over the last five years we have observed a very dynamic performance from the banks participating in the study. Some banks have leaped or dropped in the rankings, while others, more or less, maintained a steady and consistent course. Given the vast amount of data that we have been able to accumulate over the last few years, now is a perfect opportunity to look back and analyze how consistent the banks were and determine whether there are any noteworthy trends in the market.

We view performance consistency from two different angles: branch performance consistency within the same bank and overall historic consistency in the Customer Experience Index (CEI) studies over the last five years (for those banks that have been included in the study each consecutive year).

Branch Performance Consistency

It holds no surprise to anyone that some bank branches, even within the same bank, perform better than others. There are many human, technical, geographical, and time-specific factors that came into play when a customer makes a visit. The experience gained after coming into contact with a bank at one of its branches is essentially an isolated event. In other words, there is no absolute guarantee that each customer will receive the same experience at different branch locations.

Since the CEI rankings are based on cumulative scores received after combining the results obtained from mystery shopping visits to a select number of branches, each bank's standing in the rating doesn't tell the entire story. Sometimes, even the leading banks have vast inconsistencies within their distribution network, which can potentially cause a reputational problem among regular banking customers. The following chart displays a list of this year's study participants and their respective "high" and "low" marks between different branches.

The logic behind this analysis is that the smaller the difference between the highest and the lowest value (i.e. Customer

Branch Network Consistency Rating

Rating	Bank Name	Branch Scores: min. value	Branch Scores: max. value	Branch Scores: deviation	CEI-2012 Rating
1	B&N Bank	3.04	3.44	0.40	17
2	Bank Uralsib	2.88	3.48	0.60	21
3	MDM Bank	2.44	3.04	0.60	29
4	Sovcombank	1.84	2.56	0.72	38
5	Bank Petrocommerce	2.20	3.04	0.84	31
6	Rosevrobank	2.76	3.64	0.88	20
7	Credit Bank of Moscow	2.80	3.72	0.92	12
8	NB Trust	2.96	3.88	0.92	11
9	Probusinessbank	2.40	3.32	0.92	27
10	MTS Bank	2.44	3.48	1.04	23
11	Promsvyazbank	3.20	4.24	1.04	5
12	Alfa-Bank	3.48	4.56	1.08	1
13	Citibank	3.32	4.40	1.08	7
14	UniCredit Bank	3.28	4.36	1.08	4
15	Absolut Bank	2.84	3.92	1.08	14
16	Bank of Khanty-Mansiysk	1.60	2.72	1.12	34
17	Gazprombank	2.64	3.80	1.16	19
18	Russian Standard Bank	2.56	3.76	1.20	18
19	VTB24	3.12	4.32	1.20	6
20	Openbank	2.36	3.56	1.20	22
21	Home Credit Bank	3.36	4.60	1.24	3
22	Investtradebank	1.44	2.68	1.24	36
23	OTP Bank	2.76	4.00	1.24	15
24	Rosselkhoz Bank	1.80	3.08	1.28	33
25	Bank ZENIT	2.92	4.28	1.36	13
26	Uniastrum Bank	1.80	3.16	1.36	35
27	Renaissance Credit	3.04	4.44	1.40	9
28	Rosbank	2.32	3.72	1.40	24
29	Orient Express Bank	1.96	3.40	1.44	31
30	Master-Bank	1.72	3.32	1.60	30
31	Sviaz -Bank	1.48	3.08	1.60	37
32	TransCreditBank	2.08	3.80	1.72	26
33	Transcapitalbank	1.36	3.08	1.72	39
34	Raiffeisenbank	3.16	4.92	1.76	2
35	Nomos-Bank	2.72	4.52	1.80	8
36	Bank Vozrozhdenie	1.68	3.48	1.80	25
37	Bank Soyuz	1.96	3.96	2.00	28
38	Sberbank	2.28	4.28	2.00	10
39	Bank of Moscow	1.76	4.08	2.32	16

10 Banks from CEI'12 Top-10

Experience score for individual branches), the more "consistent" that branch network is in delivering a consistent or the "same level" of experience. However, it would be misleading to look at this factor alone.

Obviously, it is important to look at the overall picture. Some banks can be consistent, but at the same time "mediocre". Others can be simply consistently bad. Therefore, one should use this information with care in order to make a proper conclusion.

What's interesting within the context of this information is that some of the top-10 banks in this year's CEI offer customers quite inconsistent experiences from branch to branch. Perhaps, this is a problem related to roll-out implementation quality, or employee culture inconsistency, or unfinished branch network transformation; whereby some branches are new and beautiful, with well-trained staff and new technologies, while the old branches are still….well, "old".

Although Raiffeisenbank is among the best retail banks in the CEI (consistently in the top-10), its branches, to our surprise, are still quite different from each other in terms of the quality of the experience. This finding is based on a substantial fluctuation between branches that received the highest and the lowest scores after the mystery shopping visits. In fact, judging on the mystery shopping results, one of Raiffeisenbank's branches received a record-high score of 4.92 (the best score for any single branch visited during the CEI-2012 study) out of the maximum value of 5.00. This near perfect branch experience, however, was dampened after visits to other branches that did not have the same effect. The shock of going from a "great" to a "bad" experience, and vice versa, is always very emotional to a customer. Therefore, getting on the positive side of that emotion will be a worthwhile effort for Raiffeisenbank going forward. This would require a thorough network audit, as a first step, and then, a targeted effort aimed at raising the bar for customer experience throughout the entire branch network. Being renowned for its knack in implementation efficiency, Raiffeisenbank can probably address this problem quickly, unlike Sberbank that has a massive and vastly heterogeneous network, in terms of quality.

The branch performance consistency issue is very visible at Sberbank (#10 in the CEI; and #38 in the level of branch performance consistency). It would be unfair and even foolish not to recognize the impressive progress that propelled Sberbank to leap into our Top-10 list in 2012, precisely due to a revitalization of its Moscow branch network. However, given the sheer size of the branch network in the city of Moscow alone, the new branch concept (i.e. branch design, format, service culture, technologies, merchandising, etc.) has not yet arrived at most of the locations. Therefore, it is not surprising that Sberbank has such inconsistencies. It would be interesting to see the level of progress Sberbank makes next year.

A similar situation is observed at Nomos Bank (#8 in the CEI and #35 in branch performance consistency). Nomos Bank has recently refreshed its brand and introduced a new concept of branches. Besides the visual improvements, Nomos Bank made a commendable effort aimed at enhancing its front-line staff culture, its product offerings and alternative channels. And yet, the pace of change is somewhat slow and complicated. Observing the general tendency among banks in Russia, it is safe to conclude that sustaining a high level of performance after a quick turn-around is going to be a challenge. Nomos Bank probably realizes this, so the question is going to be: "can it sustain a top-10 place in the CEI next year?"

For the group of banks who show consistently poor performance in all of their branches, needless to say, the obvious conclusion is that they are not doing too much to improve their image. Here, a consistently negative appeal may lead to even bigger problems affecting the banks' retail business at the core.

Historical Performance Consistency

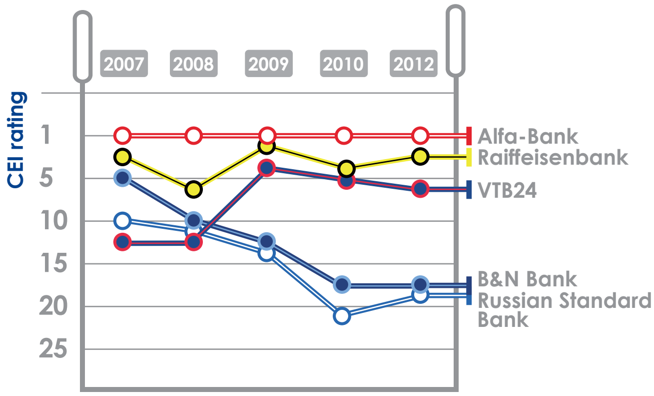
From the perspective of the historic developments observed through our CEI study over the last five years, we are in a unique position to begin making some interesting conclusions. For example, which of the banks are the most consistent, which of them have established a trend, and which have been lagging behind? In order to undertake this analysis, we took the statistical data available for each of the years of the study and compared each individual bank's own performance, based on the bank's position in each annual CEI ranking since 2007. The main criteria for determining historic performance consistency in the rankings is the level of deviation or change

Historic CEI Performance Rating

Rating	Bank Name	CEI'07 Rank	CEI'08 Rank	CEI'09 Rank	CEI'10 Rank	CEI'12 Rank	Deviation Value	CEI'2012 Score
1	Alfa-Bank	1	1	1	1	1	0	4.10
2-3	Raiffeisenbank	3	6	2	4	1	11	4.02
2-3	VTB24	13	13	4	5	6	11	3.71
4	B&N Bank	5	10	13	17	17	12	3.26
5	Russian Standard Bank	10	12	14	21	18	14	3.25
6	Citibank	4	3	7	2	7	15	3.69
7	NB Trust	26	19	16	15	11	15	3.46
8	Uniastrum Bank	20	27	27	34	35	15	2.31
9	Bank Vozrozhdenie	9	16	18	24	25	16	2.92
10	Bank Petrocommerce	26	37	31	31	31	17	2.60
11	Bank of Moscow	11	23	22	20	16	19	3.26
12	Rosbank	20	31	32	25	24	20	2.94
13	Absolut Bank	8	5	8	3	14	22	3.31
14	Bank Uralsib	6	14	10	10	21	23	3.09
15	OTP Bank	23	22	15	23	15	24	3.29
16	Bank Soyuz	15	33	29	30	28	25	2.83
17	UniCredit Bank	2	8	3	13	4	30	3.75
18	MTS Bank	7	7	19	12	23	30	3.00
19	Gazprombank	30	24	23	34	19	33	3.18
20	Promsvyazbank	17	28	11	11	5	34	3.73
21	Nomos-Bank	29	38	33	14	8	39	3.68
22	Master-Bank	25	45	37	28	30	39	2.64
23	Sberbank	14	32	21	19	10	40	3.47
24	MDM Bank	24	2	6	7	29	49	2.73
25	Bank ZENIT	19	47	36	26	13	62	3.34

** (Shows only the banks that have consistently participated in the CEI Study since 2007)*

Five Most Historically Consistent Banks



between the respective spots each bank occupied in all five consecutive years. The smaller the deviation – the more consistent.

The interesting detail that is coming through after looking at this chart is that, oftentimes, behavior can be deceiving. Almost immediately, it begs the question: "what trend did the banks follow in the five years of the CEI?"

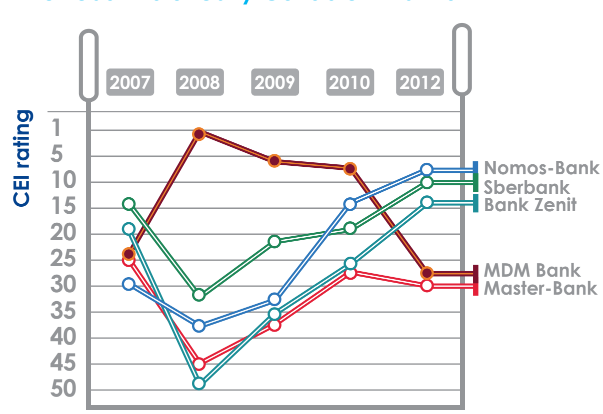
Alfa-Bank is undisputedly the most historically consistent bank because of maintaining the lead position in the CEI rating over the years (zero deviation, as indicated in the above table). Raiffeisenbank and VTB-24 have also performed consistently well. Whereas, B&N Bank and Russian Standard Bank can hardly take pride in this particular area, because their relative consistency only means that they have been consistently mediocre and even getting worse by the year.

In contrast, when looking at the trends observed among the least consistent banks, one can easily characterize their performance as somewhat chaotic. Between this group of five banks, the average level deviation (i.e. number of positions lost or gained) is almost 46 positions over the period of 5 years. That's enough space to leapfrog from the bottom of the rating to the top and then back to the bottom again. In fact, this is exactly what happened to MDM Bank, which began as the 24th seed in the CEI study in 2007, then it placed 2nd in 2008, and then began to slide down the rating. In 2009, MDM Bank placed 6th; in 2010 – 7th; and in this year's study MDM Bank has sadly dropped to the 29th position – back to "square one", so to speak.

We can't say the same for Sberbank, which has been gradually improving over the last three years. However, the amount of catching-up Sberbank had to do and the complex circumstances in which Sberbank's mammoth network has to operate create a very tough environment for the bank's development agenda. *Still, one can't overlook or underestimate the waking giant*.

The sheer force of the competition felt from Russia's largest retail bank easily overshadows the rivals. Going head to head against Sberbank can truly become a suffocating burden for most banks in the very near future. The main conclusion that can be made in this context is that not a single bank in the Russian market today can afford to sit idly and wait while Sberbank is gaining momentum. It is time to act now, because this giant is not likely to slow its advance. ■

Five Least Historically Consistent Banks




A mind that is stretched by a new experience can never go back to its old dimensions.
Oliver Wendell Holmes, Jr.
Associate Justice, Supreme Court of the United States, 1902 to 1932
Senteo Customer Experience Certification Program
Integrate proven customer experience methodology in your business and enhance your personal knowledge about customer-centricity.
Three levels of certification.
• Specialist (3 full days)
• Expert (5 modules of 3 days each)
• Expert Advisor (5 full days)
Minimum requirement: two years of management experience in retail banking.
The courses consist of theory, practical examples, case studies, international best practices, group exercises, and interactive discussions.
Offered either as a corporate training program, or as an individual educational program under the auspices of the Financial University under the Government of the Russian Federation in Moscow. Certain customization is possible for specific institutions, in order to capture key strategic goals.
For course details and other information, please contact us at any time either by email at:
info@senteo.net
or visit us online at:
www.senteo.net/certificationprogram
more than 300 graduates in 7 countries.
"In my personal opinion, I probably heard the best expert in this field." Czech Republic
"I think this course needs to become a mandatory component of our corporate training." Russia
"Excellent program and perfect delivery method. This course forced me to think about alternative approaches to our current model." France
"I really enjoyed this program. It's clear where I should concentrate in my work after this." Saudi Arabia
SCEC
CUSTOMER EXPERIENCE CERTIFICATION
senteo
experience is everything

EXPERIENCE MAKEOVER: GENUINE OR FALSE?

Plato once said, "Whatever deceives men seems to produce a magical enchantment." Sometimes statistics reveal only a part of the real story. What stands behind the numbers is often more interesting than the numbers themselves.

This year's CEI study is the fifth since 2007. Over these years, a number of banks demonstrated quite remarkable ups and downs. This subject is captured more fully on page 32 in the article titled "Sales Effectiveness".

When looking at this year's results (see table below), one can't help but wonder "haven't we seen this before?" Banks' performance tends to fluctuate wildly every year, except a handful of banks, including Raiffeisenbank and Alfa-Bank, who have consistently scored at the top of the ratings in each consecutive year since the beginning of the study in 2007.

The more interesting story is, indeed, about these banks' ability to establish and maintain customer relationships in the long

CEI-2012: The Biggest Gains and Losses

Bank Name	CEI 2012 Score	CEI 2012 Rating	CEI 2010 Rating	Gain/Loss
Home Credit Bank	3.84	3	22	19 ↑
Gazprombank	3.18	19	34	15 ↑
Bank Zenit	3.34	13	26	13 ↑
UniCredit Bank	3.75	4	13	9 ↑
Sberbank	3.47	10	19	9 ↑
Absolut Bank	3.31	14	3	-11 ↓
Bank Uralsib	3.09	21	10	-11 ↓
MTS Bank	3.00	23	12	-11 ↓
Probusinessbank	2.84	27	16	-11 ↓
MDM Bank	2.73	29	7	-22 ↓

run. Due to the nature of the study, the mystery shoppers can only act as potential customers. Therefore, their experiences after coming into contact with the banks were based on isolated moments during the "purchase" process. However, these experiences cannot accurately predict how satisfying the relationship with the bank might be following the initial purchase. Again, old Plato's phrase comes to mind as the CEI scores may be enchanting, but we must look at other indicators as well to determine the truth.

Let's look at these two groups of banks separately, using a number of additional criteria in order to determine whether their growth or decline may reveal any additional, interesting details about their relationships with customers.

Group #1: Banks that have demonstrated the highest level of improvement in 2012

For the purpose of selection, we would like to use the following criteria: Sales Effectiveness, Demand Deposit Account (DDA) ratio, Branch Performance Consistency, and Historic Performance Consistency.

Criteria #1: Sales Effectiveness Scores and Rating

Bank Name	Score	Rating	CEI'12 Rating	Consistent
Home Credit Bank	2.63	3	3	Yes
Gazprombank	2.42	6	19	No
Sberbank	2.21	9	10	Yes
UniCredit Bank	2.13	11	4	Yes
Bank Zenit	1.88	13	13	Yes

From this view, it is safe to say that all except Gazprombank showed relatively consistent performance, judging by their Sales Effectiveness scores and their respective CEI standing. As we already mentioned on page 32, Sales Effectiveness and Customer Experience are closely tied, and there is almost a direct correlation between these two measurement criteria. In case of Gazprombank, its rating in Sales Effectiveness and the overall CEI rating are greatly different (*a deviation of above 10 positions*), suggesting that there is an inconsistency in the way the bank performs during the isolated sales process and in the overall experience that the customer feels, based on Brand, Communications, Environment, Culture, and the Offering.

Criteria #2: DDA Ratio

Next, let's apply another layer of selection: the share of demand deposit account balances, compared to the overall retail deposit portfolio.

Bank Name	DDA Ratio	Rating	CEI'12 Rating	Consistent
UniCredit Bank	56%	3	4	Yes
Gazprombank	24%	10	19	No*
Sberbank	16%	21	10	No
Bank Zenit	7%	30	13	No
Home Credit Bank	3%	36	3	No

** See explanation below.*

From this quick analysis UniCredit Bank is the only bank whose DDA ratio reflects its high CEI standing.

Gazprombank's consistency is questionable because its relatively low CEI rating indicates the lack of visible progress in overall customer experience, despite improvements in sales effectiveness during the initial sales process.

Moreover, there is a strong possibility that Gazprombank's relatively healthy DDA ratio can be attributed to salary projects resulting from its affiliation with the oil and gas industry, whose employees enjoy relatively good job stability and level of income. Since the bank relies heavily on its corporate business, the share of the retail customers from "salary projects" is assumed to be higher than regular "walk-in" customers. Therefore, it is not immediately obvious that Gazprombank is, indeed, consistent in terms of its ability to retain and expand loyal customer relationships, judging by the available statistical information.

Criteria #3: Branch Performance Consistency

The next criteria is Branch Consistency, which allows us to observe customers' feelings of consistency about their quality of experiences after visiting bank branches.

The key determinant in this category is the difference between the best and the worst performing branches. The lower the difference, the higher the rating; and, therefore, more consistent are the branches.

Bank Name	Best/Worst difference	Rating	CEI'12 Rating	Consistent
UniCredit Bank	1.08	14	4	No
Gazprombank	1.16	17	19	Yes
Home Credit Bank	1.24	21	3	No
Bank Zenit	1.36	25	13	No
Sberbank	2.00	38	10	No

Criteria #4: Historic Performance Consistency

For the purpose of factoring in the historic performance of these banks in the CEI studies since 2007, the data was compiled in the table below.

Bank Name	CEI'07 Rating	CEI'08 Rating	CEI'09 Rating	CEI'10 Rating	CEI'12 Rating
UniCredit Bank	2	8	3	13	4
Gazprombank	30	24	23	34	19
Sberbank	14	32	21	19	10
Bank Zenit	19	47	36	26	13
Home Credit Bank*	N/A	17	17	22	3

** Home Credit Bank did not participate in the 2007 CEI study.*

Group #2: Banks that have demonstrated the worst level of decline in 2012

This group of banks includes five banks whose scores in the 2012 Customer Experience Index have indicated the worst level of decline from the previous study, i.e. 2010.

Using the same logic, let's take a look at this group in more detail.

Criteria #1: Sales Effectiveness Scores and Rating

Bank Name	Score	Rating	CEI'12 Rating	Consistent
Absolut Bank	2.63	3	14	No
Probusinessbank	1.83	14	27	No
MDM Bank	1.25	24	29	Yes
MTS Bank	0.83	29	23	Yes
Bank Uralsib	0.33	37	21	No

Judging by the figures obtained during the study, the only bank that shows a good level of sales effectiveness is Absolut Bank. However, due to its decline in the overall CEI rating in 2012, it appears that its sales process is inconsistent, which, if considered by itself, places it at the top 5.

The rest of the group is either generally inconsistent or consistently bad. For instance, both MDM Bank's and MTS Bank's scores in sales effectiveness match its overall customer experience performance, but being quite low, it's safe to say that there is not much to be proud of.

In the case of Uralsib, whose sales effectiveness is among the worst in the study, there is not much that can be said positively about its overall customer experience.

Probusinessbank's average sales effectiveness and far below-average CEI rating lead to the disappointing conclusion that it is performing well below its full potential.

Criteria #2: DDA Ratio

As one of the key indicators of a relationship with existing customers, let's consider the share of demand deposit account balances, compared to the overall retail deposit portfolio, observed in this group of banks.

Bank Name	DDA Ratio	Rating	CEI'12 Rating	Consistent
Bank Uralsib	21%	14	21	Yes
MTS Bank	21%	15	23	Yes
Absolut Bank	18%	19	14	Yes
MDM Bank	9%	27	29	Yes
Probusinessbank	1%	39	27	Yes

Based on the information in the table, it is easy to see that these banks are generally consistent in their level of DDAs and customer experience scores. We may, however, assume that in the case of banks such as Uralsib and MTS, a good portion of the DDA balance may be attributed to the salary projects, similar to Gazprombank, mentioned before. The rest of the banks on this list unfortunately show both a low level of customer experience and DDA ratios, further indicating the probability of not having established strong customer relationships.

Criteria #3: Branch Performance Consistency

Looking at the branch consistency criteria, it is interesting to note that none, except Absolut Bank, show any consistency in how their branches perform, taking into account

Bank Name	Best/Worst difference	Rating	CEI'12 Rating	Consistent
Bank Uralsib	0.60	2	21	No
MDM Bank	0.60	3	29	No
Probusinessbank	0.92	8	27	No
MTS Bank	1.04	10	23	No
Absolut Bank	1.08	14	14	Yes

the best and the worst of the branches in terms of customer experience.

In case of Absolut Bank, unfortunately, this consistency only means that its branches are just "average". In case of Uralsib and MDM Bank, however, the contrast is quite substantial. Everyone in this group, except Absolut Bank, is unequivocally consistently in poor shape, compared to the peers in the first group of banks (most improved).

Criteria #4: Historic Performance Consistency

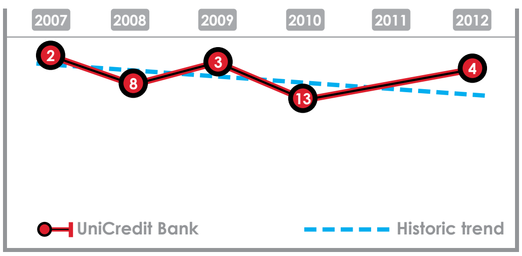
According to the last criteria, historic performance consistency, we observe a steady decline among all of the banks found in this group. In the case of Probusinessbank, who participated in the study in all years but one (2007), performance has been negative and flat.

Bank Name	CEI'07 Rating	CEI'08 Rating	CEI'09 Rating	CEI'10 Rating	CEI'12 Rating
Absolut Bank	8	5	8	3	14
Bank Uralsib	6	14	10	10	21
MTS Bank	7	7	19	12	23
MDM Bank	24	2	6	7	29
Probusiness Bank	N/A*	26	26	16	27

**Probusinessbank did not participate in the 2007 CEI study.*

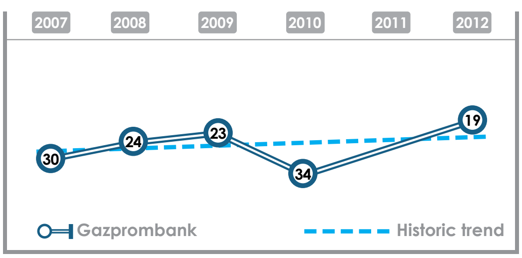
To better illustrate the trends, please refer to the graphs and commentaries on the next page.

Historic Performance Trends: Group 1, Most Improved Banks in 2012



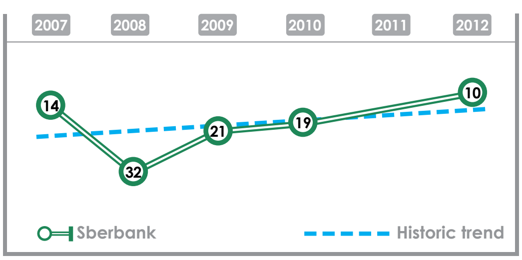
UniCredit Bank (slightly declining)

UniCredit is consistently among the best-rated banks in Russia, but its trend shows a slight decline. In order to shift to a positive trend, the bank will need to maintain positive momentum it achieved in 2012.



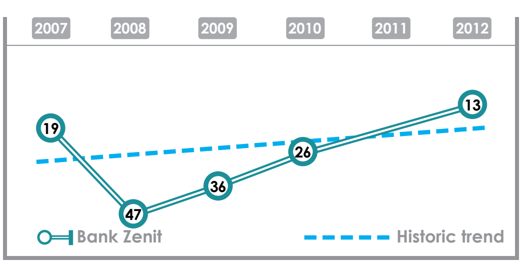
Gazprombank (improving)

Gazprombank is improving over the years, and it is rebounding after a very low level of performance in 2010.



Sberbank (steadily improving)

Sberbank has demonstrated a steady trend of improvement since 2008. If Sebrbank continues on this road, it will not only improve its reputation but play an even stronger role in market competition in Russia.



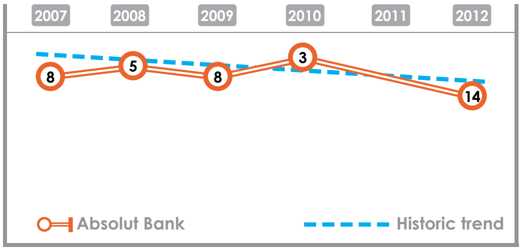
Bank Zenit (steadily improving)

Bank Zenit is showing steady improvement since 2008, however, it has begun its road from the bottom of the ratings. There is still much work ahead.

Home Credit Bank (improving)

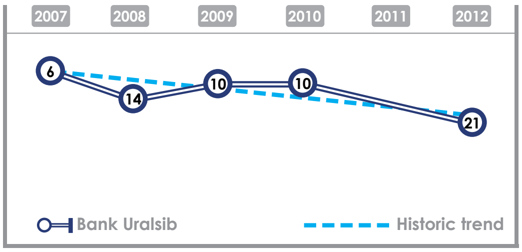
Home Credit Bank is showing a notable improvement over the past four years of its participation in the CEI. However, its sharp rise to the top in 2012 is not a clear indication of the future. Not yet, at least.

Historic Performance Trends: Group 2: Worst Performing Banks in 2012



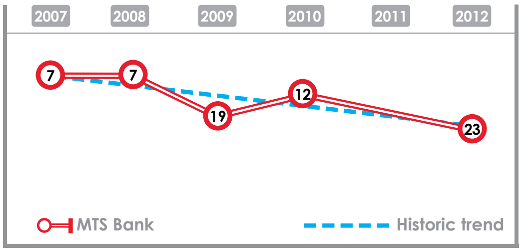
Absolut Bank (declining)

In the past, Absolut Bank performed well above the average, but has fallen sharply in this year's study. The overall trend shows a decline.



Bank Uralsib (declining)

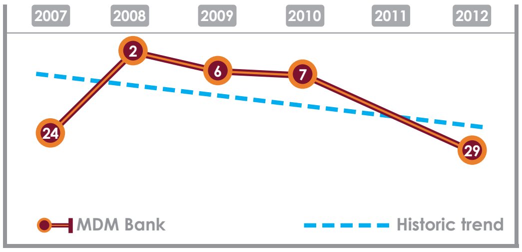
Bank Uralsib has been steadily declining during the last five years, with its sharpest decline (to below average position) observed in this year's Index.



MTS Bank (declining)

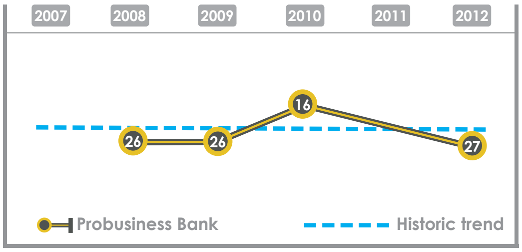
Formerly MBRD

Formerly known as MBRD (Moscow Bank for Reconstruction and Development), MTS Bank has shown a consistent decline over the years, placing it in the below- average terriotory.



MDM Bank (declining)

Probably the worst fate of any bank in the CEI since its beginning in 2007 was experienced by MDM Bank. The level of performance demonstrated this year unfortunately marks the bank's worst decline.



Probusiness Bank (slightly declining)

Since 2008, the first time when Probusinessbank was included in the CEI, the bank has shown a flat and, at the same time, poor performance. A brief moment of hope in was seen in 2010, but the bank consistently receives below-average scores in all CEI categories.

HOT or NOT

HOT

UniCredit Bank

A high ratio of DDA balances and a good sales effectiveness performance indicate that the potential customers are likely to have a relationship with this bank after opening an account here. UniCredit Bank's return to the top-10 is justifying a lot of expectations for this bank.

Gazprombank

Maybe this bank does not have the kind of reputation that it deserves. It has gotten a lot better at making a positive impression during the sales process and its DDA balances indicate somewhat loyal relationships. Perhaps the bank's government affiliation and a great number of salary projects helps.

NOT

MDM Bank

A very low level of DDA balances and poor sales effectiveness scores suggest that this bank is not doing well in attracting new customers or keeping day-to-day relationships with existing ones. This represents a disappointing change from 2008-2009, when MDM Bank was at the top-10 of the CEI. Time has revealed that the bank's surprise success was somewhat of a fluke.

Probusinessbank

The lowest level of DDA balances in this year's group demonstrates the bank's lack of day-to-day relationships and apparent reliance on term deposits.. Probusiness-bank stagnated to 27th place in the CEI, overall. It seems that the bank is compet-ing almost exclusively based on price and has little to show in terms of experience.

Based on the same logic, it is hard to say how **Home Credit Bank** will fare in the next few years. Obviously, the bank's CEI rating this year demonstrated tremendous progress in all categories, in addition to strong sales effectiveness performance. On the other hand, based on its demand deposit ratio, it is clear that Home Credit Bank is mostly acquiring term deposit customers. This makes sense, in light of the Bank's known plans to utilize its customer deposits to fund its POS-lending activities.

The profit margin received this way justifies the move; however, the long term relationship with these customers is still under question. For that reason, and partly because of Home Credit's prior performance in the CEI studies, it is uncertain whether this year's "magical enchantment" can be interpreted as a move towards greater focus on long-term relationship building with its retail customer base.

APPENDIX 1
APPROACH TO CONDUCTING THE STUDY

As it was already mentioned, the Customer Experience Index (CEI) was created to measure the performance of banks in key areas that are of particular importance to potential customers.

This study targets large retail banks in Russia, based on a number of criteria,

- Retail deposits (must be in the top-80 nationwide, according to 2011 Central Bank data)
- Retail loans (must be in the top-80 nationwide, according to 2011 Central Bank data)
- Retail network (nationwide presence and minimum 5 branches located in Moscow)

Using this method of selection, 39 banks were qualified to be included in this year's CEI study.

The study uses data collected as a result of mystery shopping visits made to bank branches. The branches were randomly selected and verified for the availability of both sales and service functions. The target number of branches for each bank was determined respectively, based on the size of the retail branch network within Moscow. The total number of branches to be visited during the mystery shopping process (almost 300) was calculated based on certain proportions that would allow us to arrive at a fair reflection of the overall branch network performance for each bank.

The targeted branches were mystery shopped multiple times, by multiple individuals and at different periods in order to ensure greater consistency and accuracy of the results. Branches that received either extremely low or extremely high scores (i.e. "+/-" one full point, based on a scale of 1.00 to 5.00) were checked again and again, as necessary, by different individuals and at different times, until the margin of potential error was negligible. Each bank branch was visited at least twice; some were visited 3 or even 4 times.

In addition, any of the banks whose final performance was significantly different from our last study conducted in 2010 (i.e. "+/-" 10 positions in the rating) were, likewise, revisited, in order to confirm and verify our findings.

The mystery shoppers utilized a specially designed score-card containing 30 different questions on a scale of 1 to 5. The mystery shoppers engaged with the branch staff using both sales and service type interactions and made inquiries using several standard case scenarios. An average branch visit took 20 to 30 minutes during primarily off-peak hours of operation, in order to avoid making potential misjudgments during unusually high customer traffic volume at the branches that could have a negative effect on customers' experience.

Mystery shoppers also collected various personal memories and observations which were later used as testimonials, giving further insight about each branch visit (see Appendix 2).

The final performance assessment was made after a careful review and data analysis, ranking banks according to cumulative scores obtained from each of their respective bank branches.

$$\textbf{Total Score} = \frac{\textbf{AVE (Brand + Communications + Environment + Offering + Culture)}}{\textbf{5}}$$

Considering that this year marks the 5th time that we have conducted this study in Russia, this unique report offers additional value in the form of comparative analysis of prior performance (especially for banks that have appeared in the CEI before), notable trends and informative conclusions (see Appendix 2).

APPENDIX 2
SCORES & RATINGS

Scores & Ratings 2012
Brand

2012 Rating	Bank Name	2012 Score	2010 Rating	Gain/Loss	2009 Rating	2008 Rating	2007 Rating
1	Alfa-Bank	4.30	1	-	2	1	1
2	NB Trust	4.13	16	14	18	22	25
3	Raiffeisenbank	4.13	5	2	1	4	3
4	Citibank	4.04	2	-2	6	2	6
5	Sberbank	3.99	10	5	12	19	11
6	VTB24	3.87	4	-2	4	7	9
7	Home Credit Bank	3.83	22	15	11	15	-
8	Promsvyazbank	3.82	9	1	14	27	21
9	Renaissance Credit	3.80	-	-	-	-	- -
10	UniCredit Bank	3.73	11	1	3	8	2
11	Rosevrobank	3.58	-	-	-	34	-
12	OTP Bank	3.47	15	3	15	21	23
13	Credit Bank of Moscow	3.47	8	-5	21	17	-
14	Nomos-Bank	3.44	17	3	32	38	31
15	Russian Standard Bank	3.43	21	6	9	12	16
16	Bank Uralsib	3.43	12	-3	13	9	10
17	Bank of Moscow	3.31	18	1	22	16	15
18	Bank Zenit	3.23	30	12	34	46	21
19	Absolut Bank	3.20	3	-16	7	6	4
20	Rosbank	3.16	32	12	28	23	18
21	Gazprombank	3.15	37	16	25	40	25
22	B&N Bank	3.15	14	-8	17	13	8
23	Openbank	3.00	-	-	-	14	-
24	MTS Bank	3.00	13	-10	27	10	5
25	Orient Express Bank	3.00	40	17	-	-	-
26	Bank Vozrozhdenie	2.88	31	5	18	28	13
27	TransCreditBank	2.83	28	1	36	31	-
28	Probusinessbank	2.77	23	-5	24	35	-
29	MDM Bank	2.73	6	-23	8	3	12
30	Bank Soyuz	2.63	26	-4	35	33	7
31	Master-Bank	2.58	26	-5	37	48	23
32	Bank Petrocommerce	2.50	24	-8	31	37	19
33	Rosselkhoz Bank	2.38	-	-	-	-	-
34	Investtradebank	2.33	-	-	-	39	-
35	Uniastrum Bank	2.25	33	-2	30	24	27
36	Bank of Khanty-Mansiysk	2.23	-	-	-	-	-
37	Transcapitalbank	2.18	39	2	-	43	-
38	Sovcombank	2.10	41	3	-	-	-
39	Sviaz Bank	1.83	-	-	-	26	13

Scores & Ratings 2012
Communications

2012 Rating	Bank Name	2012 Score	2010 Rating	Gain/Loss	2009 Rating	2008 Rating	2007 Rating
1	Raiffeisenbank	4.31	3	2	2	5	3
2	Alfa-Bank	4.30	1	-1	1	1	1
3	Home Credit Bank	4.13	25	22	13	12	-
4	NB Trust	4.03	17	13	20	20	21
5	UniCredit Bank	4.00	11	6	3	6	2
6	Nomos-Bank	3.96	15	9	34	33	31
7	VTB24	3.90	4	-3	4	11	14
8	Citibank	3.76	5	-3	7	7	3
9	Renaissance Credit	3.73	-	-	-	-	-
10	Promsvyazbank	3.72	12	2	14	21	28
11	OTP Bank	3.60	14	3	11	24	23
12	Gazprombank	3.50	27	15	30	39	30
13	Credit Bank of Moscow	3.50	10	-3	10	18	-
14	Sberbank	3.46	18	4	18	30	20
15	Openbank	3.36	-	-	-	14	-
16	Rosevrobank	3.35	-	-	-	32	-
17	Absolut Bank	3.33	2	-15	5	2	5
18	Bank of Moscow	3.30	20	2	28	25	18
19	Bank Zenit	3.28	26	7	37	50	26
20	Bank Uralsib	3.28	8	-12	9	8	7
21	Rosbank	3.24	29	8	27	26	13
22	MTS Bank	3.23	6	-16	22	19	10
23	TransCreditBank	3.23	34	11	32	37	-
24	B&N Bank	3.15	16	-8	17	10	6
25	Russian Standard Bank	3.10	19	-6	15	12	19
26	Bank Vozrozhdenie	3.05	22	-4	16	16	11
27	Bank Soyuz	2.98	24	-3	23	36	15
28	Master-Bank	2.79	23	-5	36	43	24
29	Rosselkhoz Bank	2.78	-	-	-	-	-
30	MDM Bank	2.70	13	-17	8	3	26
31	Sviaz Bank	2.58	-	-	-	33	12
32	Uniastrum Bank	2.53	31	-1	19	22	17
33	Bank Petrocommerce	2.52	36	3	31	33	22
34	Probusinessbank	2.50	32	-2	35	47	-
35	Orient Express Bank	2.45	39	4	-	-	-
36	Sovcombank	2.33	41	5	-	-	-
37	Investtradebank	2.10	-	-	-	27	-
38	Bank of Khanty-Mansiysk	1.87	-	-	-	-	-
39	Transcapitalbank	1.73	37	-2	-	45	-

Scores & Ratings 2012
Environment

2012 Rating	Bank Name	2012 Score	2010 Rating	Gain/Loss	2009 Rating	2008 Rating	2007 Rating
1	Raiffeisenbank	3.84	8	↑ 7	2	6	3
2	Citibank	3.84	1	↓ -1	7	3	4
3	VTB24	3.72	6	↑ 3	4	13	13
4	Alfa-Bank	3.71	2	↓ -2	1	1	1
5	Promsvyazbank	3.66	13	↑ 8	11	28	17
6	Home Credit Bank	3.60	21	↑ 15	17	17	-
7	Credit Bank of Moscow	3.49	11	↑ 4	12	20	-
8	UniCredit Bank	3.43	20	↑ 12	3	8	2
9	Bank Zenit	3.43	19	↑ 10	36	47	19
10	NB Trust	3.40	14	↑ 4	16	19	26
11	Nomos-Bank	3.40	17	↑ 6	33	38	29
12	Renaissance Credit	3.35	-	-	-	-	-
13	Russian Standard Bank	3.35	24	↑ 11	14	12	10
14	Gazprombank	3.25	29	↑ 15	23	24	30
15	OTP Bank	3.19	26	↑ 11	15	22	23
16	Bank of Moscow	3.17	23	↑ 7	22	23	11
17	Rosevrobank	3.15	-	-	-	21	-
18	Absolut Bank	3.10	3	↓ -15	8	5	8
19	Bank Vozrozhdenie	3.08	15	↓ -4	18	16	9
20	TransCreditBank	3.03	34	↑ 14	35	39	-
21	B&N Bank	3.03	12	↓ -9	13	10	5
22	Bank Uralsib	2.98	18	↓ -4	10	14	6
23	Openbank	2.96	-	-	-	11	-
24	MTS Bank	2.93	7	↓ -17	19	7	7
25	Sberbank	2.91	31	↑ 6	21	32	14
26	Bank Soyuz	2.85	25	↓ -1	29	33	15
27	Master-Bank	2.78	28	↑ 1	37	45	25
28	MDM Bank	2.75	5	↓ -23	6	2	24
29	Rosbank	2.68	33	↑ 4	32	31	20
30	Probusinessbank	2.67	10	↓ -20	26	26	-
31	Orient Express Bank	2.60	32	↑ 1	-	-	-
32	Rosselkhoz Bank	2.53	-	-	-	-	-
33	Bank Petrocommerce	2.36	35	↑ 2	31	37	26
34	Investtradebank	2.20	-	-	-	30	-
35	Bank of Khanty-Mansiysk	2.17	-	-	-	-	-
36	Sviaz Bank	2.08	-	-	-	40	22
37	Sovcombank	2.00	40	↑ 3	-	-	-
38	Transcapitalbank	2.00	41	↑ 4	-	49	-
39	Uniastrum Bank	1.88	27	↓ -12	27	27	20

Scores & Ratings 2012
Offering

2012 Rating	Bank Name	2012 Score	2010 Rating	Gain/Loss	2009 Rating	2008 Rating	2007 Rating
1	Alfa-Bank	3.97	1	→ -	1	1	1
2	Raiffeisenbank	3.93	3	↑ 1	2	6	3
3	Promsvyazbank	3.72	11	↑ 8	11	28	17
4	Renaissance Credit	3.65	-	-	-	-	-
5	UniCredit Bank	3.58	18	↑ 13	3	8	2
6	Home Credit Bank	3.53	29	↑ 23	17	17	-
7	Citibank	3.52	7	→ -	7	3	4
8	Nomos-Bank	3.52	9	↑ 2	33	38	29
9	VTB24	3.37	5	↓ -4	4	13	13
10	Absolut Bank	3.35	8	↓ -2	8	5	8
11	Credit Bank of Moscow	3.29	15	↑ 4	12	20	-
12	Sberbank	3.26	17	↑ 5	21	32	14
13	Bank Zenit	3.18	35	↑ 22	36	47	19
14	Russian Standard Bank	3.15	19	↑ 5	14	12	10
15	B&N Bank	3.15	28	↑ 13	13	10	5
16	Bank of Moscow	3.03	20	↑ 4	22	23	11
17	Rosbank	2.94	10	↓ -7	32	31	20
18	Bank Uralsib	2.88	2	↓ -16	10	14	6
19	OTP Bank	2.81	32	↑ 13	15	22	23
20	NB Trust	2.80	13	↓ -7	16	19	26
21	Gazprombank	2.80	33	↑ 13	23	24	30
22	Rosevrobank	2.80	-	-	-	21	-
23	MTS Bank	2.77	22	↓ -1	19	7	7
24	Probusinessbank	2.76	14	↓ -10	26	26	-
25	Openbank	2.74	-	-	-	11	-
26	Bank of Khanty-Mansiysk	2.73	-	-	-	-	-
27	Bank Petrocommerce	2.68	30	↑ 3	31	37	26
28	Bank Vozrozhdenie	2.65	31	↑ 3	18	16	9
29	Bank Soyuz	2.63	33	↑ 4	29	33	15
30	MDM Bank	2.55	12	↓ -18	6	2	24
31	Master-Bank	2.51	27	↓ -4	37	45	25
32	Orient Express Bank	2.43	37	↑ 5	-	-	-
33	TransCreditBank	2.28	25	↓ -8	35	39	-
34	Sviaz Bank	2.18	-	-	-	40	22
35	Investtradebank	2.17	-	-	-	30	-
36	Transcapitalbank	2.10	40	↑ 4	-	49	-
37	Uniastrum Bank	2.03	24	↓ -13	27	27	20
38	Sovcombank	1.98	41	↑ 3	-	-	-
39	Rosselkhoz Bank	1.95	-	-	-	-	-

Scores & Ratings 2012
Culture

2012 Rating	Bank Name	2012 Score	2010 Rating	Gain/Loss	2009 Rating	2008 Rating	2007 Rating
1	Alfa-Bank	4.20	2	1	1	1	1
2	Home Credit Bank	4.13	27	25	17	17	-
3	Nomos-Bank	4.10	13	10	33	38	29
4	UniCredit Bank	4.03	15	11	3	8	2
5	Raiffeisenbank	3.90	5	-	2	6	3
6	Renaissance Credit	3.85	-	-	-	-	-
7	B&N Bank	3.80	22	15	13	10	5
8	Sberbank	3.73	18	10	21	32	14
9	Promsvyazbank	3.72	14	5	11	28	17
10	VTB24	3.72	7	-3	4	13	13
11	Bank Zenit	3.58	28	17	36	47	19
12	Absolut Bank	3.58	8	-3	8	5	8
13	Probusinessbank	3.50	9	-4	26	26	-
14	Bank of Moscow	3.47	24	10	22	23	11
15	OTP Bank	3.36	37	22	15	22	23
16	Citibank	3.30	6	-10	7	3	4
17	Credit Bank of Moscow	3.29	3	-14	12	20	-
18	Openbank	3.24	-	-	-	11	-
19	Russian Standard Bank	3.20	23	4	14	12	10
20	Gazprombank	3.20	35	16	23	24	30
21	MTS Bank	3.07	12	-9	19	7	7
22	TransCreditBank	3.05	38	16	35	39	-
23	Bank Soyuz	3.05	28	6	29	33	15
24	Rosevrobank	2.95	-	-	-	21	-
25	Bank Petrocommerce	2.94	26	1	31	37	26
26	NB Trust	2.93	16	-10	16	19	26
27	Bank Vozrozhdenie	2.93	32	6	18	16	9
28	MDM Bank	2.90	4	-24	6	2	24
29	Bank Uralsib	2.88	10	-19	10	14	6
30	Uniastrum Bank	2.88	19	-10	27	27	20
31	Rosselkhoz Bank	2.75	-	-	-	-	-
32	Rosbank	2.66	20	-12	32	31	20
33	Bank of Khanty-Mansiysk	2.60	-	-	-	-	-
34	Master-Bank	2.54	31	-3	37	45	25
35	Orient Express Bank	2.53	17	-18	-	-	-
36	Sovcombank	2.48	39	3	-	-	-
37	Transcapitalbank	2.38	40	3	-	49	-
38	Sviaz Bank	2.33	-	-	-	40	22
39	Investtradebank	2.23	-	-	-	30	-

Scores & Ratings 2012

Demand Deposit Accounts' Share of Total Deposits *(data from the Russian Central Bank)*

DDA Share Rating	Bank Name	DDA Share Score	CEI 2012 Rating
1	Alfa-Bank	58%	1
2	Citibank	57%	7
3	UniCredit Bank	56%	4
4	TransCreditBank	43%	26
5	Raiffeisenbank	32%	2
6	Rosevrobank	31%	20
7	Bank of Khanty-Mansiysk	29%	34
8	Rosbank	29%	24
9	Master-Bank	24%	30
10	Gazprombank	24%	19
11	Russian Standard Bank	24%	18
12	Sviaz Bank	23%	37
13	Bank Vozrozhdenie	21%	25
14	Bank Uralsib	21%	21
15	MTS Bank	21%	23
16	Bank of Moscow	19%	16
17	Bank Petrocommerce	19%	31
18	OTP Bank	19%	15
19	Absolut Bank	18%	14
20	VTB24	18%	6
21	Sberbank	16%	10
22	Promsvyazbank	16%	5
23	Nomos-Bank	14%	8
24	Rosselkhoz Bank	13%	33
25	B&N Bank	10%	17
26	Transcapitalbank	10%	39
27	MDM Bank	9%	29
28	Renaissance Credit	8%	9
29	Bank Soyuz	7%	28
30	Bank Zenit	7%	13
31	Uniastrum Bank	7%	35
32	Openbank	6%	22
33	NB Trust	6%	11
34	Credit Bank of Moscow	5%	12
35	Orient Express Bank	4%	31
36	Home Credit Bank	3%	3
37	Investtradebank	2%	36
38	Sovcombank	2%	38
39	Probusinessbank	1%	27

Scores & Ratings 2012

Sales Effectiveness

DDA Share Rating	Bank Name	DDA Share Score	CEI 2012 Rating
1	Alfa-Bank	3.50	1
2	Nomos-Bank	3.23	8
3	Home Credit Bank	2.63	3
4	Absolut Bank	2.63	14
5	Renaissance Credit	2.50	9
6	Gazprombank	2.42	19
7	VTB24	2.42	6
8	B&N Bank	2.33	17
9	Sberbank	2.21	10
10	Citibank	2.13	7
11	UniCredit Bank	2.13	4
12	Raiffeisenbank	2.00	2
13	Bank Zenit	1.88	13
14	Russian Standard Bank	1.83	18
15	Probusinessbank	1.83	27
16	Bank of Moscow	1.76	16
17	OTP Bank	1.71	15
18	Promsvyazbank	1.70	5
19	Credit Bank of Moscow	1.50	12
20	Rosevrobank	1.50	20
21	NB Trust	1.38	11
22	Bank Soyuz	1.29	28
23	Openbank	1.27	22
24	MDM Bank	1.25	29
25	TransCreditBank	1.13	26
26	Bank Vozrozhdenie	1.00	25
27	Uniastrum Bank	1.00	35
28	Rosselkhoz Bank	0.96	33
29	MTS Bank	0.83	23
30	Master-Bank	0.78	30
31	Bank of Khanty-Mansiysk	0.78	34
32	Transcapitalbank	0.75	39
33	Bank Petrocommerce	0.70	31
34	Sviaz Bank	0.63	37
35	Rosbank	0.53	24
36	Investtradebank	0.50	36
37	Bank Uralsib	0.33	21
38	Orient Express Bank	0.25	31
39	Sovcombank	0.25	38

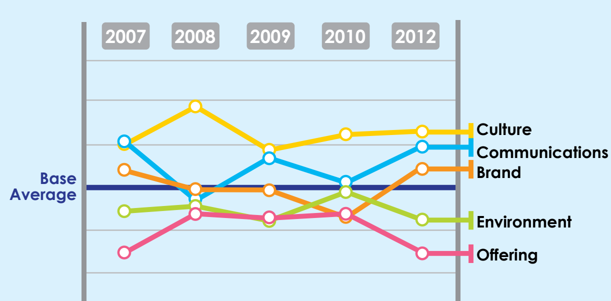
Scores & Ratings 2012

5 Elements

	2007	2008	2009	2010	2012
Brand	3.40	3.37	3.40	3.30	3.13
Communications	3.47	3.30	3.50	3.42	3.18
Environment	3.25	3.32	3.30	3.44	2.98
Offering	3.10	3.31	3.35	3.39	2.88
Culture	3.39	3.64	3.48	3.58	3.18
AVERAGE	3.32	3.38	3.41	3.43	3.07

Scores & Ratings 2012

5 Elements



(from page 9)

BEYOND "PRODUCTS & SERVICES" IN BANKING

number of cafes in the US where "financial baristas" serve coffee as they engage visitors in conversation about their financial needs and explain ING Direct's capabilities for savings accounts and mortgages. The cafes work, generating scores of millions of dollars in new accounts every year *at zero cost to ING Direct*, for it created places so worth experiencing that customers gladly pay for their coffee, tea, biscotti, and sundry items of memorabilia (mugs, pens, hats, bags, and the like) – so much so that the purchases cover the cost of the places.

Most banks around the world find themselves so far removed from this fourth level of economic value that they must heed a fundamental principle: *The easiest way to turn a service into an experience is to provide poor service* – thus creating a memorable encounter of the unpleasant kind. And the surest way to provide poor service is to treat individual clients via rote, impersonal activities that do not vary no matter who they are or what they really need. Customers have received such treatment ever since service providers embraced the very same principles of mass production that manufacturers used to dramatically lower costs. And it's become even worse as the forces of commoditization that hit manufacturing now attack services.

But the opposite principle holds true: *mass customizing a service can be a sure route to staging a positive experience*. If you design a service that is so appropriate for each particular person, a service that is exactly what the customer wants and needs at this moment in time, then you cannot help but make him go "Wow!" and turn it into a memorable experience. And that is key to forming lasting relationships with consumers. It's not about the "products and services" you want to push out to consumers (especially since banks actually have no "products" and generally commoditized services); it's about creating unique experiences within them based on knowing more about consumer wants and needs than anyone else – perhaps even more than they know themselves.

Going Beyond Experiences

So what happens when you customize the experience itself? When you customize an experience to make it is just right for an individual – providing exactly the experience he needs right now, at this moment in time – you cannot help but turn it into what we often call a "life-transforming experience," one that actually changes that individual. As the accompanying figure makes clear, this fifth level of economic value is *transformations*, which companies build on top of experiences just as they build experiences on top of services.

With transformations, the economic offering of a company is the individual person or company changed as a result of what the company does. With transformations, in other words, *the customer IS the product!* The individual buyer of the transformation essentially says, "Change me". The company's economic offering isn't the materials it uses, nor the physical things it makes. It's not the processes it executes, nor the encounters it orchestrates. When a company guides a transformation, the offering is the individual.

That is what consumers truly seek with their finances – even if they rarely look to banks for it today – for the simple reason that *money is a means to an end*. If you provide the end – helping individual customers understand and then fully realize their aspirations regarding their selves, their lives, and their families – rather than the means, then you will create much more value for your customers, and therefore much more economic value for your bank.

So consider how you can combine mass customized solution packages with personal guidance and aspirational advice to help customers achieve their aspirations.

Such outcomes rarely result from one life-transforming experience, but rather from a number of experiences that guide customers to meet multiple goals over several periods of time. Think of it in terms of a three-stage process. First comes diagnosis, where you elicit from your customers what their true aspirations are, and then agree on where they are today. With the knowledge of that gap, you can then design the right solution package and series of experiences – the second phase – that in sum total yield the transformation they so richly desire. Do not forget the third phase: follow-through. You need to follow through with your individual customers to ensure that the transformation takes hold, that they do in fact achieve their aspirations as circumstances change (including the overall market) over time, and sustain that transformation through time. And as you do so, you will also find that their aspirations grow and expand into new arenas, giving you ever-more opportunities thanks to the lasting relationship you have finally created by focusing on your customers' true needs, rather than on pushing your "products and services."

From Contractual Obligations to Lasting Relationships

Most bank dealings today provide the opposite of this. They are purely contractual, just as with true commodities. As ING Direct and other such banking experience exemplars show, however, moving from services to experiences provides the opportunity to get close to consumers and create lasting relationships with them. And how much more will consumers desire that relationship when you not only give them the experiences they desire but guide them into achieving their heartfelt aspirations for why they save, borrow, and use money in the first place?

If you start with your consumers rather than your products and services, you can create a virtuous cycle. As you learn more about what each individual consumer wants and needs, you can better customize to meet those desires. When you mass customize your services, experiences, and transformations to consumers, they benefit greatly. When they benefit, they are much more likely to come back to you when next in need, which means you have the opportunity to learn more about them and mass customize to them. They benefit even more and therefore come back to you again, and so on and so forth until you share a very tight learning relationship. Such a relationship grows and deepens over time based on what you know about your customers and what you can do for them.

The benefits of such relationships with banks are many. Your customers tend to consolidate their financial lives with you, and you gain increased loyalty and revenue. You fulfill more of your customers' needs with your offerings, reduce risk based on a clearer picture of each customer's financial life, and have less to worry about with competitive offers from other banks, as your customers become less sensitive to pricing and much more sensitive to getting what they want and need.

Perhaps the greatest benefit, though, from staging financial experiences and guiding financial transformations is that you thereby change the world, one customer at a time. ■

(from page 11)

THE RELATIONSHIP-CENTRIC BANK

the consumers surveyed were very satisfied that their primary bank understood their needs. And, when related to a major life event, such as getting married, having a child, nearing retirement, or moving to a new home, only 18% of the consumers surveyed reported that their primary bank had contacted them to suggest appropriate products.[10] Shouldn't understanding customer needs and helping them through major life events be some of the primary activities for a bank?

Why Banking Relationships are Different

Customers have regular contacts with many businesses that intersect with their lifestyle, yet banking relationships are a bit different. Signing for almost any banking product will commit the customer to ongoing contact with the bank for months, years, possibly even decades, so the psychology of the purchase must be different from that of other service industries - restaurants, hotels, airlines - that do not require such a long-term commitment. In fact, if we map different industries based on the level of difficulty of changing providers and the level of contractual commitment to providers, banks are clearly in an advantageous position.

Purchasing a bank product is inherently an act of attachment, and banks fall into the group of business that we refer to as "Join" businesses. In "Join" businesses, the products are similar to those of a membership in that their purchase will initiate ongoing or semi-ongoing contact with the provider. In this sense, an inherent relationship begins with the sale.

Many banks understand this concept, and some even refer to their customers as members, which is a huge step in the right direction. Understanding that healthy relationships with customers must include benefits outside of the minimum contractual obligation is the beginning of understanding how to build loyalty. We often draw inspiration from Maslow's Hierarchy of Needs (originally articulated by Dr. Abraham Maslow in a paper that was published back in 1943)[11] to better understand the building blocks of a healthy relationship. However, considering that the banking relationship is an ongoing collection of contacts and interactions between the bank and the customer, we would build the bank relationship hierarchy of needs with a slightly different twist, as follows:

Maslow	Senteo
Self-Actualization	Growth & Transformation
Esteem	Status / Esteem
Love / Belonging	Belonging
Safety	Trust & Security
Physiological	Relevance

These five elements represent levels of a relationship with a bank that illustrate a hierarchy growing to a more fulfilling relationship with the bank as you move through each stage. Moving through these stages would indicate that the relationship would become more fulfilling to the customer and would create the desire for closer contact.

Throughout the course of the relationship, the customer may purchase and use many different bank products, and there is a distinct difference between the benefit that a customer receives from each individual bank product and the value and benefit of the ongoing relationship. Therefore, we must view the ongoing relationship with different characteristics and assess the health of the overall relationship separately from the quality of product usage. Our Banking Hierarchy of Needs shows the progression of the relationship in terms of the value that it can bring to the customer.

• **Relevance –** Is there a relevant reason for contact with the bank outside of purchasing and/or using a bank product? If not, then the relationship will simply remain that of user/provider. If banks wish to develop deeper relationships with customers, especially with the hyper-connected, self-serving customers today, then they will need to find relevant reasons for contact outside of sales activities and servicing products that they already sold. Contacts related to planning, budgeting, advice, education, special events, etc. would help to create relevant reasons for contact outside of sales and service.

• **Trust & Security –** Is the bank a trustworthy and reliable source for these types of contacts and can the bank be trusted to be impartial and act in the best interest of the customer? Many banks offer some kind of advice, but it is usually very strongly tied to the sale of a particular product that they are pushing. In fact, most advice that we come across when visiting different banks is designed to highlight a particular product that the bank is selling rather than identify and act on the true needs and goals of the individual. Some advice is given before even asking questions about the individual's needs and goals. This will surely generate some level of distrust and create a barrier for the customer to pass this stage in the hierarchy.

• **Belonging –** Does the customer feel that they belong in the relationship with the bank? This has a few different implications: 1) understanding different customer groups and personality types so that the bank can interact with them appropriately, 2) ensuring that customers feel welcomed at any point of contact and that the staff is genuinely interested in creating a positive and fulfilling contact for the customer, and 3) creating aspects of a club-like atmosphere where customers can participate in events or activities with people that are in the same customer group or share the same interests.

• **Status/Esteem –** How does the customer feel about the relationship with the bank when they are not interacting with the bank? Are they proud of their relationship? Do they talk about benefits that the relationship brings? Do they feel increased status when using the bank card or talking about the relationship? Banks will need to focus more on how customers feel about the relationship. If customers are unable to feel good about themselves when thinking about the relationship, then the relationship will always be at risk.

• **Growth & Transformation –** How does the bank relationship help the customer to achieve their dreams, goals, and aspirations? People do not dream of a relationship with their bank, or a mortgage, or a car loan. They do, however, wish they could have a better day-to-day quality of life, help solving a problem, and help realizing goals and dreams. If a bank can play a role in helping with these items, with the growth and transformation in a person's life, then the true meaning of Maslow's self actualization can be achieved. If not, then the relationship will be unfulfilling for the long-term. In other words, the bank customer may be satisfied with the quality of usage of the product that they purchased, but the relationship will not fulfill one of the key components of the hierarchy of needs.

If banks begin to view their relationships with customers with the possibility of helping their customers achieve their dreams, goals, and aspirations, this is a much more appropriate use of Maslow's Hierarchy of Needs. As it applies to the banking relationship, we could almost view it as a marriage of sorts. And to extend this idea even further, it is possible that customers, happy and fulfilled with the relationship, might choose to consolidate their financial activities in one place – in effect transitioning simple loyalty (which allows a customer to be loyal to more than one provider) to monogamy (loyal to and consolidated into one relationship).

This marriage would be nirvana for bankers – lower operating/infrastructure costs, lower risk, lower cost of acquisition per customer, lower customer attrition, higher profit per customer, higher deposit balances, and higher number of products per customer. What banker would argue with these benefits?

What Customers Really Want

A while back, a friend told me that he would move back to cash and completely avoid banks if he could survive without owning bank products. His exact words, "My bank provides no significant value for what I pay, and usually, they make my life more difficult." I started asking other friends, co-workers, aquaintances if they felt the same way about their banking relationship, and my search revealed similar feelings. When I asked people why they hadn't already left their bank for another, the answer staggered me: "The others will probably be just as bad." This answer had multiple variations, but the basic result is that people's banks are satisfying only the most basic, rational requirements to retain their business, and it seems that people have simply learned not to expect much from their banks.

With this in mind, we started speaking with our clients and bankers at conferences and asked if they surveyed their customers to see what they really wanted from their bank. The result was that customers want good quality service at a low price, preferably free. Big surprise! Is it simply that customers cannot articulate what they would like to get out of a banking relationship, or is it that they just cannot imagine that it is possible (i.e. they expect so little that they wouldn't possibly say something bold like, "I want my bank to be there for me when I have a problem and to help me to achieve my goals in life.")?

We started working with clients to ask the question a bit differently and asked bank customers to complete the following open-ended statement:

> "As a result of my relationship with my bank, my life is ____________________."

The answers usually come back heavily weighted to the negative side and with very logical and thoughtful explanations of why they answered in that manner. Customers feel that their banks are not doing what they should to help, and, in most cases, they are making life more difficult, rather than understanding their role as a helper, facilitator, enabler. It gets even worse if you ask customers to choose from a list of adjectives to describe how they feel about their current relationship with their bank and how they would like to feel about that relationship.

We then started using surveys with scales related to different aspects of the bank relationship and asking customers to rate what they are currently getting out of their bank relationship and what they think they should be getting out of the relationship both in rational and emotional terms. The results showed that there is clearly a gap between the benefits that people would like to have and what they are getting today. It also showed that there is a large segment of the population willing to pay more for those benefits.

Maybe there are customers out there who are just looking for good service at a low price, but we found, repeatedly, in several different countries, that there is a significant portion of the population that is seeking more from their banking relationship and are willing to pay for it. It seems there is a need for this relationship-centric approach that has not been covered by sales-force effectiveness, operational effectiveness, service quality, and all of the other methodologies that are designed to improve sales and service. It seems that a significant market exists for those banks that are structured to engage in meaningful relationships with customers. And these customers are seeking an easier time managing day-to-day finances, as well as help solving problems when they arise, reaching their goals, and achieving their dreams. They want to feel that they belong with their bank partner, they want to feel good about the relationship, and they seek the growth and transformation that a bank can offer. But they clearly are not finding it today.

B. Joseph Pine II and Jim Gillmore illustrate this for us once again in their recently updated version of "The Experience Economy"[12] by showing the highest level in their Progression of Economic Value when organizations can use a series of positive and engaging customer experiences to guide a transformation in the life of the customer. We look at this as the goal of the ongoing relationship between customer and bank. The customer will purchase and use many different bank products throughout the course of the relationship. Those contacts (purchase-related and usage related contacts) can be engineered to be experiential in the sense that each individual contact can be positive and engaging, possibly even memorable. But the sum of those contacts, and the result for the customer in the ongoing relationship, must be that the customer is "better off" than they would have been without that relationship.

"As a result of my relationship with my bank, my life is ***better than it would have been without them."*** How many people can say that? We have found, again repeatedly, that there is a significant portion of people who believe that it is possible even though they cannot answer in this manner today.

As mentioned in the article "The Operational and Management Dilemma…" on page 12 the coming decade could be a period in which Russian retail bankers could pioneer new models of customer interaction and engagement. This new frontier of relationship-centricity surely represents an interesting territory for continued exploration and development. Which Russian bank will be the first to design a retail business that is capable of consistently developing healthy, mutually beneficial relationships with their customers? ■

1 Douglas Berlon, "Bankers, Meet Your Customers". *The Gallup Management Journal* (2009). (http://gmj.gallup.com/content/120731/bankers-meet-customers.aspx

2 Jennifer Saranow Shultz, "The Least-Trusted Banks in America," *The New York Times*, February 3, 2010 (http://bucks.blogs.nytimes.com/2010/02/03/the-least-trusted-banks-in-america).

3 Berlon, 2

4 Berlon, 2

5 "Customer Loyalty in Retail Banking: North America 2010", *Bain & Company report* (October 6, 2010), 3-6

6 Paul McAdam, B. Joseph Pine, "Customer Experience Rules," *BAI Banking Strategies* (November/December 2006): 50, Article published findings of BAI's research project called "The Relationship Experience" conducted in collaboration with Strategic Horizons LLB, an innovation and experience consultancy.

7 McAdam, Pine, 50

8 Bain & Company, 3-6

9 Berlon, 3

10 "Rebuilding the Relationship Bank Delivering a Complete Customer Experience", *Deloitte Center of Banking Solutions report* (May 2009), 2

11 A. H. Maslow, "A Theory of Human Motivation", *Psychological Review*, 50, 370-96 (1943)

12 B. Joseph Pine, Jim Gilmore, *The Experience Economy, Updated Edition* (Harvard Business Press: July 5, 2011),

(from page 13)

THE OPERATIONAL AND MANAGEMENT DILEMMA FOR RUSSIAN BANKERS

Having a centralized operations group allows for a major leap in both productivity and control. New tools and approaches can be introduced. One client bank has been able to implement an operations dashboard which aggregates over 700 parameters and provides an "early warning system" for identifying potential issues. This hierarchically organized dashboard serves as a focal point for discussions between front and back-office units and as a management tool for top and middle management in Operations. Discussions have moved from subjective assigning of blame to objective collaboration aimed at systemic solutions.

Another bank with a large lending operation across credit card, mortgage, auto and point-of-sale businesses was able to pool all underwriting resources and dynamically assemble an identification and verification process of varying complexity depending on a matrix of risk parameters. Resource savings topped 30% while, at the same time, cost of risk diminished.

After the introduction of computers, the design of operations in banks has followed a similar trajectory in all market economies, albeit on different schedule. Due to the acceptance of past experience and global best practices, the later the transformation started, the more compressed the full cycle became. Often, foreign acquirers or expatriate hires have brought with them the latest know-how and trained local talent whose mobility then distributed best practices into the market.

In the U.S., the transition from an autonomous branch to today's centralized model has taken roughly 50 years, in Western Europe - 30 years, and in Central Europe - 10 years. In CIS countries, and specifically in Russia, the transition is still under way, but the leading institutions have completed the transition in less than 5 years. For the rest of the market, it will be increasingly difficult to compete without catching up. Those Russian banks that are not actively and systematically moving forward with this evolution of their operating model will likely feel the "choke" of capacity and quality problems shortly, if they do not feel this already.

Approach to Business

The second dimension of any operating model is the approach to business. This aspect is more country-specific and several models tend to coexist in any given market. We have identified four distinct stages of development:

1. Balance sheet-centric – this was the starting point of most Russian banks. Business is generally split into asset and liabilities silos without consideration for the customer or product grouping. Products do not form a coherent offering and sometimes tend to cannibalize each other. Product or customer profitability is often not measured.

2. Product-centric – products are split into their natural groups and organized by business line, e.g. Retail, Corporate or Investment Bank. Product profitability may be understood, but customer segment profitability is often not.

3. Customer-centric – business lines are organized into product factories and distribution channels. The organization focuses on contact and product quality, but customer contacts are still treated as separate, one-off events. Bank initiated contacts are almost entirely sales-focused. Measurement of both product and customer segment profitability should be standard practice.

4. Relationship-centric – few organizations globally have finalized this transition, and none in Russia have achieved this level. The organization in this state has a fierce focus on product and customer interaction quality and views a customer holistically, treating each contact as part of a larger, ongoing relationship. A bank at this stage actively identifies opportunities to reach out to the customer outside of sales contacts to support relationship building. The customer views himself as being better off as a result of the relationship and is less price sensitive on individual products when considering the added value derived from the ongoing relationship. In addition to product and customer segment profitability, the bank estimates the lifetime value of different customer segments and develops separate business activities (outside of selling and servicing products) to strengthen and enhance customer relationships. *(See article "The Relationship-Centric Bank" on page 10 for more information on relationship-centricity)*

Management Model

The transformations in the organization of operations and the approach to business must correspond with the transformation of the management model of the bank. Too often, banks try to "squeeze" these new practices into existing management models designed for previous evolutionary stages – which almost guarantees difficulties, if not failure.

Another common problem is the "developer / manager" syndrome. As banks move through the operational and business transformations, a separation must emerge between those that "develop" and improve the bank and those who "manage" the day-to-day activities of the bank. Often, business and operations managers are too busy with day-to-day activities to create anything other than incremental improvements to their business. This, in almost all cases, leads to very slow development and has contributed to loss of competitive advantage for many banks around the world as other banks develop and innovate at a faster pace.

With an organizational structure and management model that is carefully designed for the appropriate evolutionary stage of a bank, along with a market strategy and a detailed tactical implementation plan, banks are much better positioned to gain market and competitive advantage through a carefully choreographed chain of improvements and innovations.

The Russian Market

The main difference between Russia and other markets is the speed in which these transformations are taking place in operating models (operational organization, business approach, and management model). Today's Russian banks are transforming at a pace 10 times faster than the U.S., 6 times faster than Western Europe, and at least twice as fast as their Central European neighbors – often skipping one or more of the evolutionary stages altogether.

The second difference between Russia and other markets is the complexity. Being a country with 11 time zones, significant cultural diversity, and varying levels of socioeconomic development already presents substantial difficulties in infrastructure development, expansion, management, etc. At the same time, we consistently hear about the problems developing a healthy, productive internal culture amongst the people developing the business and a skilled, relationship-centric workforce on the frontline. And finally, the market itself has become much more complex both in terms of the competition *(see "Sales Effectiveness" article on page 32 for more information on non-traditional competition in the Russian market)* and also the customers - who have varying, and often inconsistent, expectations from banks related to quality and price.

Going forward, these transformations will not become easier. In many areas, the leading Russian banks are moving into a territory that will soon be ahead of their Western counterparts, mainly because they are less limited by legacy technology and decades-old management models. Many of today's Russian banks will have the opportunity over the next decade to pioneer in several different development areas as they implement new technologies and transition to a relationship-centric business approach. Unfortunately, these developments are accompanied by an additional layer of complexity and a higher degree of uncertainty. A normally prudent "test and learn" approach no longer works since the market changes too fast to draw relevant conclusions from a small test.

Our forecasts show that the competition amongst Russian retail banks will intensify in the coming years. Therefore, those banks that are currently trailing behind the leaders in developmental terms should take this moment very seriously if they hope to survive the next wave of development and transformation in the Russian market. A "test and learn" mentality for banks struggling to catch up is surely inappropriate at this time. Yet, a "big bang" approach without an experienced guide brings even more risk. Learning from mistakes, and bearing the cost of fixing them, will only delay development and widen the evolutionary gap between the leaders and the laggards. ■

(from page 14)

BRAND AND COMMUNICATIONS: PAST, PRESENT AND FUTURE

Russian retail banking industry closer to international standards, as far as branding and communications are concerned.

The newer and refreshed logos are now accompanied by catchy slogans, the visual imagery is more aesthetically pleasing, brands are being positioned in the marketplace, and everyone seems to have adopted a practice of setting brand values and missions.

As far as organizational structure and functions, there is now a greater level of integration between departments that work on market research, PR, brand management, and communications.

At the same time, customer communications have become more graphic, creative, and sophisticated with the use of a proper media mix that includes above the line (ATL) and below the line (BTL) marketing, merchandising and literature. Promotional campaigns, direct mail, localized campaigns, internet banners, emails, and viral marketing have heralded the age of modernization and greater professionalism. Some of the banks have even learned to measure campaign performance and the effectiveness of their marketing budget.

As one of the notable developments, the key message for retail customers has shifted towards making informative statements about service benefits and product features. However, the main focus is still on the product (its price, features, terms and conditions) and not the customer. Hardly any communications that we observe today speak about the benefits that customers would experience from ***the relationship with their bank***, which transcends the use of a single product, such as a deposit, a credit card, or an auto loan. Banks still advertise products and they tend not to talk much about the value of the relationship. Popular slogans and general image-building statements, such as "we are always with you", "customers come first", "we're just around the corner", do not adequately capture the relationship aspect, other than making a certain limited promise.

Moreover, retail banks in Russia, to a large extent, do not use segmented brand and communication strategies. They simply separate their overall marketing strategies into retail and corporate client groups, perhaps adding the VIP segment that focuses on the high-net-worth population. Essentially, the segmentation approach for branding and communication, if any, focuses on income levels and other basic demographic characteristics.

But things are quickly changing, offering a view of what the future may hold.

The Future

What took the West over several decades, in terms of historic evolution, has taken place in Russia in just several years. The future seems to arrive here very fast, whether by importing international best practices or by innovation. Russia is truly an exciting marketplace.

Following the footsteps of general retailers, FMCG, and telecom sectors, the retail banking industry all over the world is gradually shifting to more emotional content in its branding and communications. Some are even parting ways with the word "bank" in their name. The sharp contrast, suggested by this departure from the traditional way of positioning themselves in the market, indicates that banks are undergoing a certain evolution. Indeed, after experiencing the jolt of the international economic crisis, banks are eager to change. The level of heightened competition for loyal customer relationships is forcing the banks to look outside the box, even if it means adopting revolutionary methods and making drastic changes. There are enough examples, even in Russia, that offer a glimpse of the future. As it concretely relates to banking brands and the style of customer-oriented communications, retail financial institutions will inevitably have to adjust in order to create an emotional appeal to a diverse group of customers. It will require them to properly recognize each customer segment and what drives and motivates customers in not just day-to-day life, but also long term. This means that banking brands and their positioning will need to shift towards a relationship-centric model that focuses on the benefits and outcomes gained by the customers due to the relationship with their choice provider of banking services.

Communication campaigns and literature, regardless of their type or form, will need to be fine-tuned to deliver a clear message to customers that banks actually can play a more substantial role in life than just offering this or that isolated product or service. As a result, the value proposition itself will change.

A proper brand construct should include a brand story, a personality, distinct attributes, a tone of voice, and a visual style that combine to form a unique brand identity. When talking about brands, I often make an analogy to a human. The brand is a live organism. It is not just a drawing on a piece of paper. It has a past, a present, and a future like any other live being. It has a certain attitude, and it appeals to a certain group of people who form a circle of friends that associate with it. Brands, just like people, can have friends (i.e. customers) of different backgrounds and social standings. But more importantly, these "friends" can find something in common in terms of their opinions, aspirations, and dreams. That is why friends like to hang out together; because they share a common interest and also because they help each other. And if that friendship is good and regularly rewards both sides with positive experiences, the relationship is likely to last for a long time.

All loyal friendships are based on a strong and trusting relationship that is forged during good times and bad. It certainly does not come overnight. And it most certainly does not originate from just one or two isolated instances of cooperation over a set term or within a certain deadline. That is why banks must eventually reform themselves and put away their product focus in order to develop loyal customer relationships. This kind of thinking must visibly manifest itself through brand and customer communications.

Furthermore, a truly successful relationship must play a genuine and relevant role in each partner's life. Therefore, each contact or an event where the two sides come to meet should be meaningful. If one side solicits the other on a regular basis with useless or irrelevant information, the other side will naturally grow distant and distracted up to a point where that relationship may deteriorate and wither. To approach this challenge, companies should carefully construct and integrate internal functions to support the brand organism and use effective communications to promote the relationships with all of its many "friends", regardless of their size, shape, and gender.

In addition, since we are talking about building loyal customer relationships, the banks will need to pay much more attention to post-purchase communications. Presently, too much attention is given to attracting new customers and driving sales, as opposed to retaining customers and expanding their already existing relationships to create more attachment. For that purpose, I think the future methods of communication will tend to be more targeted and use an even greater variety of delivery methods, especially digital communications.

The internal organizational structure that would support the future approach will have to be more sensitive to customer segments. Essentially, as the supporting functions for the overall "retail" business line, the appropriate departments will begin to adopt a segmented model, whereby their work deliverables will have to correspond to respective customer segments (*as indicated in the illustration on page 15*).

Obviously, purely cosmetic changes alone, through graphic rebranding or refreshment, often witnessed in a form of new logotypes, color schemes, photographic images, and various other design elements, will remain just that: *cosmetic changes*. In other words, putting a new sticker on the same old car is not going to make it more comfortable to drive. Personally, I find the "lipstick on a pig" analogy more amusing. While it is funny, it is also absolutely true. Too often we see companies apply lipstick to cover up what, in essence, has still not changed. As Steve Jobs once famously said, "Some people think design means how it looks. But of course, if you dig deeper, it's really how it works."

In the near future, retail banks will have to learn to be as agile and open-minded as their peers in other retail sectors. I would like to particularly mention the telecom industry as just one example, because they seem to be much more "in tune" with consumers.

Telecoms tend to have a massive and, at the same time, very diverse customer base. To be successful, they have to appeal to each segment in a different way. They constantly innovate, adjust their offering, introduce various perks and rewards, use modern and sophisticated technologies, and generate some of the most creative campaigns. They are just constantly on the move. It is the nature of their business, especially given the ease with which customers can switch from one provider to the next. So, the fun never stops for the telecom companies. Nevertheless, in terms of brand management and the style of their communications, I would venture to say that telecom companies are way ahead of their retail banking colleagues who share many similar challenges.

While I do not expect most of the retail banks in Russia to transform overnight, I believe a few prime candidates will drive change and force others to follow. Today, we already see clear signs that the market is ripe for change and that customers are more than ready to receive it. ■

senteo

experience is everything

ABOUT SENTEO INC.

Senteo is a multinational company with offices in the United States, Spain and Russia, specializing in Business Transformations, Executive Education and Business Ventures.

Senteo's Business Transformation consulting unit, consisting of experienced professionals, has helped clients in over 30 countries to design, build, measure, and manage customer experience businesses. Working with banks, retailers, restaurants, professional services firms, telecommunications operators, shopping centers, and others, Senteo has achieved the kind of results in sales, profitability, and customer loyalty that were previously thought to be unachievable. Senteo's client list includes such global brands as Nike, Citibank, Santander, BNP Paribas, Renault, Marks & Spencer, Wembley Stadium, Vodafone, ING, Deutsche Bank, CB Richard Ellis, and many Eastern European brands.

With a proven methodology and an experienced team, we have consistently exceeded client expectations by delivering clear results in the form of solid financial performance and growth.

For more information about our company, please visit us at
www.senteo.net

T11
T17
1
2
3
4
5
T13
T14

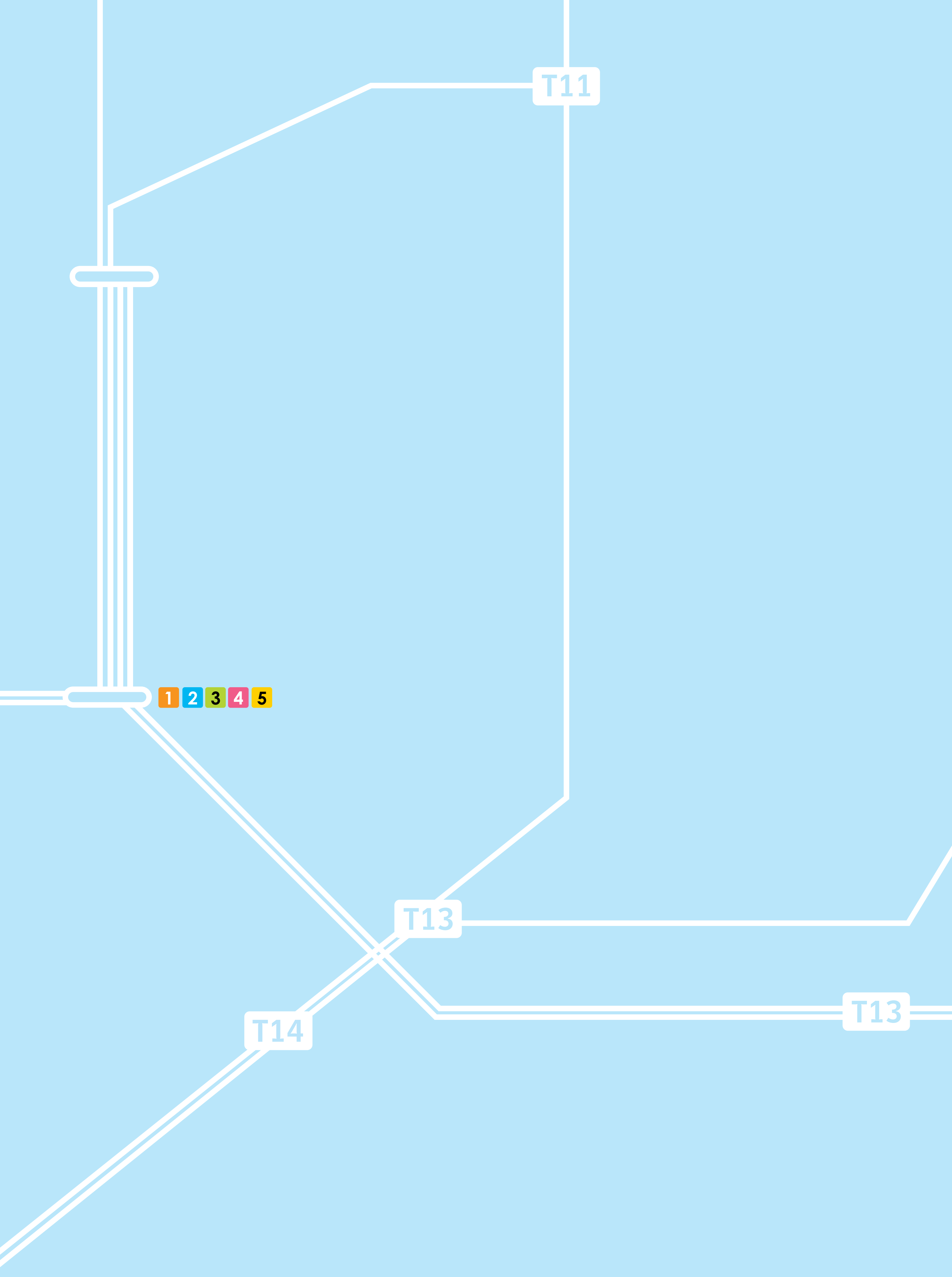
SENTEO LAS VEGAS
10624 South Eastern Ave, A-792
Henderson, Nevada, 89052, USA
T: +1 702 380 1959
E: info.usa@senteo.net

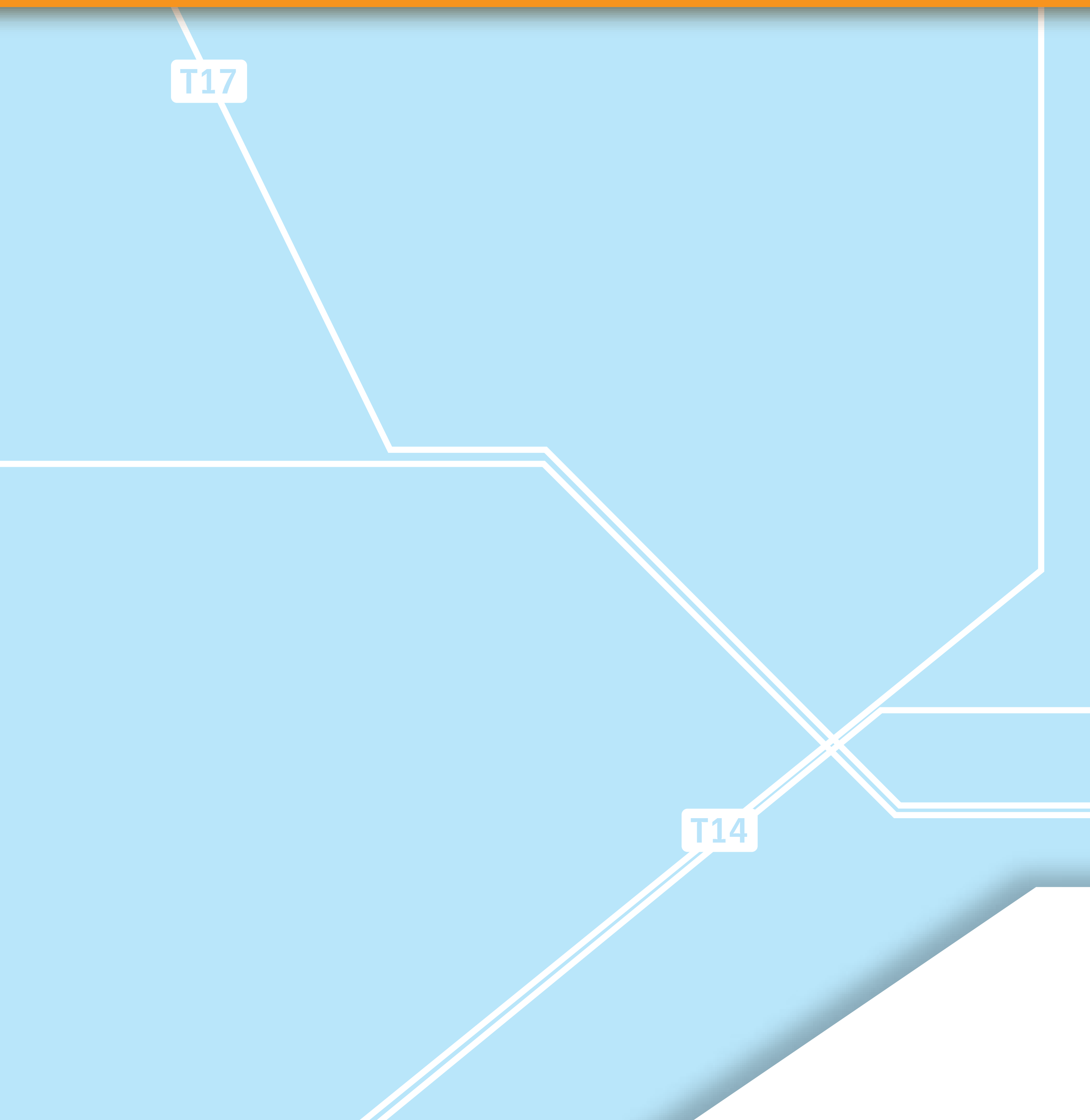
SENTEO MADRID
C / Lagasca 70, 4°Dcha
Madrid, 28001, Spain
T: +34 91 733 96 40
E: info.europe@senteo.net

SENTEO MOSCOW
68/70, Butyrsky Val, bld, 1, office 14
Moscow, Russia, 127055
T: +7 495 937 46 88
E: info.russia@senteo.net

SENTEO LONDON
Northcross Road
London, SE22 0PZ, UK
T: +44 78 13 96 00 38
E: info.europe@senteo.net

CEI, the Customer Experience Index 2012 published by Senteo.


T11
1 2 3 4 5
T13
T14
T13


T17
T14